

## Home Foreclosure

The previous section of the Toolkit, *Home Loan Modification and Other Loss Mitigation Options* offers you many alternatives to avoid the foreclosure process. If you find that none of these alternatives are available to you, you may be facing foreclosure. Below is some information on how the Michigan foreclosure process works.

There are two ways lenders in Michigan can foreclose:

- **Judicial Foreclosure** where the lender must take the borrower to court (this type of foreclosure is not common), and
- **Foreclosure by Advertisement** where the lender may foreclose by scheduling a Sheriff's sale and advertising the sale in a local paper.

Under Michigan's Foreclosure by Advertisement Law, a company must publish a Notice of Sale once a week for four weeks, in a newspaper of general circulation in the county where the property is located. The notice must also be posted on the property at least 15 days after the first Notice of Sale is posted.

Mortgage companies cannot make the first notice or filing in the foreclosure process unless one of the following is met:

- The loan is more than 120 days past due;
- The borrower has violated a due-on-sale clause; or,
- The foreclosure action of a second mortgage is being joined.

A foreclosure sale must be made at a public auction to the highest bidder. The trustee or the sheriff of the court of the county in which the property is located may conduct the sale between the hours of 9:00 am and 4:00 pm on the date specified in the Notice of Sale.

Michigan's Foreclosure Law includes a six-month redemption period (12 months for agricultural property that is larger than three acres) for homeowners whose homes have sold at a foreclosure sale. This period is meant to provide a reasonable amount of time for homeowners to redeem the home, refinance it, sell it on a short sale or find a new place to live. If a homeowner abandons the property before the six months is up, the lender can shorten the redemption period to 30 days.

Furthermore, the purchaser at the foreclosure sale has the right to inspect the exterior and interior of the homeowner's property and all ancillary structures after the sale and periodically throughout the redemption period. If an inspection by the purchaser is unreasonably refused by the homeowner or if damage to the property is imminent or has occurred, the purchaser can immediately begin eviction proceedings to seek possession of the property and eliminate the homeowner's redemption period. However, the court will not enter a judgment for possession and extinguishment of the homeowner's right to redemption if, before the hearing for possession, the homeowner repairs any damage to the property.

A timeline of the foreclosure process, "Stages of Foreclosure," is available at the Michigan State Housing Development Authority's (MSHDA) website at [www.michigan.gov/mshda](http://www.michigan.gov/mshda). If you are facing foreclosure and need assistance, contact the Department of Insurance and Financial Services at 877-999-6442, Michigan State Housing Development Authority at 866-946-7432, or seek legal advice.