Redemption and Setting Aside the Sale. Some states, for a very limited number of days after the foreclosure sale, allow you to “redeem” the home back from the lender—in other words, they allow you to pay off the full mortgage and related fees and charges. This way, you end up with clear title to the property. Another option in some states is to redeem your home from the person purchasing it at the foreclosure sale, paying that person the total purchase price plus interest and allowable costs. State law may provide you only a very limited number of days after a foreclosure sale to redeem in this manner, but other states give you up to a year to redeem from the purchaser. Even if you do not have a right to redeem after the sale, you may be able to buy the home back from the purchaser, particularly if the buyer was your mortgage lender.

In some areas there are local nonprofit agencies that help borrowers with financing to purchase their homes back after foreclosures. Another option is to find another purchaser for your home willing to pay more than the redemption amount. You still lose your home, but you get to keep the difference between what you sell the home for and the redemption amount. Those funds may be very helpful in your search for new housing. Redemption has strict time deadlines and strict procedures, so it is best to try to have an attorney to assist you in redeeming the home.

You can also ask a court to set aside the foreclosure sale because proper procedures were not followed or because the price was unconscionably low. This is a long shot and you must act quickly, almost always with an attorney’s help.

Rights As a Tenant in Your Own House. After the foreclosures sale, you are a tenant at will in your own home, now owned by someone else. To evict you, the new owner must comply with your state’s landlord-tenant eviction law. This usually means filing a lawsuit in court. You can save the new owner from dealing with the difficulty and time involved in an eviction processes by vacating voluntarily if the new owner gives you cash to help in the move and to find new housing. This option is called “cash for keys.” You can also offer the new owner that you will pay rent if you are allowed to stay in the home. Even a short extension can help you find a new place to live.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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