Your foreclosure rights are very different if you have a special type of home mortgage called an “installment land contract,” “land sale contract,” “contract for deed,” or “bond for deed.” This chapter calls them “land installment sales.” In a land installment sale scenario, you do not take title to your home until you have made all the monthly payments that are due, often for more than 10 or even more than 20 years. You pay property taxes and are responsible for repairs, but you do not yet have title to your home.

Land installment sales have far fewer protections from foreclosure than do other types of home mortgages because state foreclosure laws often do not apply. You may not have the right to certain notices, and may not have the right to reinstate or cure delinquent payments or to redeem your home.

In fact, if you miss a payment, the lender may try to evict you under your state’s rules for landlords and tenants, which offer you less protection than state laws dealing with foreclosures. Fortunately, this is not always the case—for example, in Illinois, Maryland, Ohio, Oklahoma, and Texas, your rights are closer to those that apply in a normal home foreclosure.

Some (but not all) bankruptcy courts treat land installment sales like mortgage loans, so that a chapter 13 bankruptcy plan can cure back-payments over a three-year to five-year period. When bankruptcy courts do not treat land installment sales like mortgages, you still have important rights in bankruptcy to keep your home.

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