You have special rights if your foreclosure results from a home improvement loan and the contractor deceived you or performed shoddy work, and the contractor was the one who initiated the loan or referred you to the lender. In this scenario, you can argue in court that you do not have to pay the loan because of the contractor’s performance.

The loan agreement may even say that you can raise the seller’s conduct as a defense on the loan. Because you do not owe on the loan, they cannot foreclose. On the other hand, small errors or minor problems with the work probably will not be enough to be a foreclosure defense.

You will have to raise this issue either in the judicial foreclosure action or in your own court action where the lender seeks to foreclose without a judge’s order. You may fare best where you get the help of an attorney. Ask the attorney to refer to NCLC’s Federal Deception Law [1] Chapter 4, updated at www.nclc.org/library [2].

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/1810

Links
[1] https://library.nclc.org/nclc/link/FDL