# You Can Manage or Exit Minnesota Foreclosure with These Simple Strategies

Foreclosure is a state law process that allows the holder of the mortgage to take back the property that they have a security interest against if there is a default in the loan. Minnesota state law provides forward to ways to foreclose on property: foreclosure by advertisement and foreclosure by action. The most common way to foreclose in Minnesota is foreclosure by advertisement. State law dictates that the secured claim holder must follow the process laid out by the legislature, which requires them to List the pending foreclosure action in newspapers, send a foreclosure notice to the mortgage holder, and gives the mortgage holder certain information in those notices. The foreclosure notice does not have to be at the end of home ownership. Even after a foreclosure sale is scheduled, there are strategies available to the homeowner.

The first step in deciding what strategy is going to be best for you is to realistically evaluate the property. You should start by getting objective information as to the value of the property. A good source for the current market value would be the property tax statement from the county in which the property is located or from a local realtor who is familiar with that area. The other side of the valuation evaluation would be how much money is owed against the property. For this calculation things like the balance of all mortgages against the property any tax liens against the property any mechanics liens against the property and any judgments recorded against the property would be added together. The difference between the market value and any liens against the house is the amount of equity you have in the property. Once you have this information you are in a good position to decide which strategy is most likely to be successful.

Another factor to consider is whether the situation that led to the foreclosure notice is a temporary one or a more long term or permanent financial change. An example of a temporary situation would be a short term health issues, a seasonal layoff, or a major vehicle replacement or repair. A more long-term or permanent financial change would be something like a divorce, a permanent disability, or a period of unemployment that will probably last for more than one year.

1. Postponement

One strategy Minnesota law gives you that can be used to manage a foreclosure situation is postponement. The benefit of a postponement is it can delay the actual foreclosure sale date for five calendar months from the date originally set by the mortgage holder. The sooner you begin this process he better, because the whole procedure has to be completed at least 15 days before the date set for the sale. The postponement process requires filling out a few forms and sending those forms to the mortgage company and the mortgage company's attorney's office. An affidavit saying that you certify that you completed the process correctly also has to be filed in the county where your house is.

There are two main downsides to using the postponement process. One is that the postponement process can only be used one time. If a homeowner uses the postponement process and later runs into another difficulty, the postponement of process cannot be used again. The second downside is the postponement's effect on the redemption period. Minnesota law give homeowners who have a foreclosure on their homestead 180 days to redeem the property after the foreclosure sale date. That means that if the homeowner could refinance the house and pay off the balance of the original home mortgage they can keep the house. However, if the homeowner postpones the sheriff sale, that 180 days is reduced to five weeks.

Postponement is usually a good strategy if the homeowner is dealing with a temporary issue that caused the foreclosure process to begin or if the homeowner plans to refinance or sell the property and just needs a little more time to complete the transaction.

2. Special assistance programs

   There are many programs available to assist homeowners in keeping their home when facing foreclosure. If you have significant equity in the house, one of these options may be a good strategy for you. Some programs are designed for special groups of people like veterans, the recently unemployed, and people who live in certain areas or have loans from certain agencies. These programs offer options such as forbearance, modification, or refinancing. Below are some places to call for Twin Cities area homeowners:

**For Ramsey County residents:**

**Lutheran Social Services Financial Counseling**
424 West Superior Street, Suite 600
Duluth, MN 55802
(218) 529-2227 or (888) 577-2227
www.lssmn.org/debt

**For Hennepin County residents:**

**Community Action Partnership of Hennepin County**
8800 Highway 7, Suite 401
St. Louis Park, MN 554263
(952) 933-9639
www.caphennepin.org

**For Washington County residents:**

**Washington County Housing and Redevelopment Authority**
7645 Currell Boulevard
Woodbury, MN 55125
(651) 458-0936
www.wchra.com

**For Habitat for Humanity homeowners:**

**Twin City Habitat For Humanity**
1954 University Avenue West
St. Paul, MN 55104
(651) 207-1700
www.tchabitat.org

For all Minnesota residents:

**Minnesota Housing Finance Agency**
400 Wabasha Street, Suite 400
St. Paul, MN 55102
(651) 296-7608 or (800) 657-3769
www.mnhousing.gov

3. Exit strategies
   In situations where there is little or no equity, a decrease in income that would make modification or refinancing not feasible options, for some other the best option, they are a couple of strategies that minimize the effect of letting the home go.

   Putting a house on the market for sale and getting a sale price that is less than the balance sheet owe against the house is call a short sale. In a short sale situation the mortgage company has to agree to accept the amount that is less than what is owed on the original mortgage in order for the sale to be completed.

   Another option is to negotiate a deed in lieu of foreclosure with the mortgage company. The benefit to the mortgage company is they don't have to spend the money to go through the foreclosure property process if you sign a deed to them. They also get possession of the property sooner then they will could if you went through the entire foreclosure and redemption process. The benefit to you is the mortgage company will sometimes give you a small payment in exchange for the amount of time state law would give you to remain in the home otherwise, which you can use for moving expenses and reestablishing yourself in a different home. These types of agreements have to be negotiated directly with the mortgage company.

   **Beware! If it sounds too good to be true….**

   There are also companies who follow the foreclosure notices in the newspaper and send advertisements to homeowners saying that they can "guarantee a loan modification". Use caution when companies make promises to you that if you pay them a certain fee upfront they will be able to negotiate with your mortgage company for you or that request a quit claim deed or a release of information in order to assist you. These companies very often cannot and do not help you correct the situation, they only take your money.

   More questions? Shoot me an email at marie@mhpllclaw.com.