

EXPEDITED FORECLOSURE

Legal options to expedite the foreclosure process are intended to prevent property that has been abandoned from standing empty for long periods of time, which can bring with it significant negative effects for local communities.

Many homeowners decide to move out of their homes before the foreclosure process has finished, leaving a vacant property for which the mortgage company is held responsible. In certain states the foreclosure process can drag on for months, or even years. Mitigating the negative effects of abandoned property by reducing the number of abandoned homes lingering in foreclosure is the reason why some states have enacted laws that expedite the process when a homeowner vacates the premises.

The effects of urban blight are a major driver of policy that speeds up the foreclosure process. Abandoned property in foreclosure can quickly start to deteriorate and contribute to increased levels of crime, including vandalism and drug use. Property that is not maintained can create health and safety issues, including vermin infestation. All of these factors, plus the effect of abandoned, unkempt properties on the appearance of a neighborhood, drive down property prices.

An expedited foreclosure process allows the lender to obtain the title to the home quicker, which preserves more of the home's value since it is less likely to deteriorate or get damaged before the foreclosure is over. The lender can then put the property on the market and sell it to a new owner for a higher price than they would otherwise get for property that has not been looked after.

AFSA'S POSITION

The American Services Association (AFSA) believes that expedited foreclosure can be a sensible approach to mitigating the negative effects of abandoned property. Even so, foreclosing on a home is a result that neither borrowers nor lenders want. Lenders are in the business of helping people buy and keep homes, and foreclosures are always a remedy of last resort. Foreclosing on a property can be an expensive, protracted process for them, after which they will generally lose money.

In cases where property has been abandoned, lenders are held responsible for maintenance of the property, even while they lack the necessary permissions to put that property on the market. Expedited foreclosure can help mitigate this for lenders, while helping neighborhoods avoid the worst challenges associated with urban blight.