

Pennsylvania (PA) Foreclosure Laws

When you develop a definite plan of action with well-timed, well-informed steps, you can stop the foreclosure process and save your home. We have outlined the foreclosure process for the state of Pennsylvania .

The Process

Pennsylvania's judicial foreclosure is not easy for lenders. All actions to foreclose, accelerate or take possession are stayed until the borrower is sent an "Act 91" notice giving the borrower 30 days to meet the lender or a consumer credit agency listed on the notice.

Starting from the day of the first meeting, the borrower has another 30 days delay to try and resolve the problem by restructuring loan payments. Otherwise, the borrower can apply for a Homeowner's Emergency Mortgage Assistance Program Loan and gain an extra 60-day delay on foreclosure to process the application. If the borrower has had good residential credit for the past 5 years, is 60 days delinquent and has a reasonable prospect of resuming loan payments in full within 36 months, then the borrower should be approved. If the loan is disapproved, or no meetings took place after the first 30 days, the lender may foreclose.

Reimbursement

Under "Act 6," which applies to home loans under \$50,000, the borrower must be sent a 30-day notice of the foreclosure, during which time attorney's fees are limited to \$50. Also, the borrower may pay the past due payments and stop the foreclosure up to one hour before the bidding at the sheriff's sale and may do this up to three times in a calendar year.

The Foreclosure Lawsuit

The foreclosure complaint (lawsuit) must be filed and served on the borrower. It must describe the property to be foreclosed on. It must state the names of the borrower and the lender, the itemized amounts due, the fact that the mortgage is in default and a demand for judgment. Although the lender may state more than one reason to foreclose, the lender may not sue to collect the money owed on the loan in addition to the suit to force the sale of the property by foreclosure. The defendant may file a counterclaim against the lender. The lawsuit however, must be tried before a judge, without a jury. If the court orders foreclosure, then at least 30 days before foreclosure the sheriff must give notice by putting a handbill on the property, serving a copy on the borrower and advertising the property for sale for three consecutive weeks. The sale takes place a month or two after the court's order.

Redemption

There is no right of redemption after the sale.

Deficiency

Pennsylvania passed the Pennsylvania Deficiency Judgment Act. The lender may file a lawsuit to collect on the promissory note signed by the borrower within six months of foreclosure. This lawsuit must be separate from the foreclosure lawsuit. The borrower has the right to force the lender to credit the fair market value of the property sold at the foreclosure sale against what is owed on the note. The suit must be filed within six months after the foreclosure.