

**OTSEGO COUNTY HOUSING COMMITTEE
FORECLOSURE & BANKRUPTCY POLICY**

The foreclosure & bankruptcy policy of the **OTSEGO COUNTY HOUSING COMMITTEE** shall be:

Foreclosure

1. Letter to homeowner notifying of default regardless of lien priority providing thirty (30) days to cure default.
2. If in first position of priority, foreclosure after 30 day of notice to homeowner. If default is not paid after 30 days, foreclosure begins.
3. If other than first lienholder and foreclosure is final, Northern Credit Bureau will be notified of default of mortgage.
4. Homeowner will receive another notice that their balance is being reported to collections. The credit bureau will try to collect for a period of seven years after foreclosure.
5. If not collected after the seven year period, it will be removed from collections and a discharge of mortgage will be required. At the end of the year, it will be written off from the notes receivable account.
6. Once the Housing office is notified that a property is in foreclosure, the outstanding mortgage receivable will be included in the reserve for allowance for doubtful accounts calculation.

Bankruptcy

1. Once we receive a notice of bankruptcy, a claim of interest must be completed, and filed with the bankruptcy court stating the secured mortgage interest. We cannot contact homeowner during bankruptcy unless otherwise permitted by the bankruptcy court.
2. If the mortgage interest is not discharged and homeowner is in default of mortgage payments, property taxes and/or insurance, a notice will be submitted to homeowner requesting payment of default within 30 days.
3. If in first position of priority, foreclosure after 30 day of notice to home owner. If default is not paid after 30 days, foreclosure begins.
4. If other than first lienholder and foreclosure is final, Northern Credit Bureau will be notified of default of mortgage.
5. Homeowner will receive notice that their balance is being reported to collections and will remain with the credit bureau to attempt collections for a period of seven years.
6. After the seven year period, it will be removed from collections and discharge of mortgage will be required. At the end of the year, it will be written off from the notes receivable account.
7. Once the Housing office is notified that a property is in foreclosure, the outstanding mortgage receivable will be included in the reserve for allowance for doubtful accounts calculation.

Adopted by BOC on 3/10/15