

Colorado's New Foreclosure Laws

Many may not have realized that the state foreclosure laws changed here in Colorado on January 1, 2008. One of the main reasons for such change was to reduce the opportunity for so-called "Vulture Investors" to take advantage of people in financially difficult situations. This is where dishonest people prey on helpless victims explaining that if they sign the home over to them, they will rent-to-own it back to them. The problem is that these so-called investors will find any reason to evict them for any minute purported violations. Although the intentions were there to help many of these type of violations, it has yet to be seen if the new law has lessened such gross violations. However, with the recent law changes, there are many misconceptions that I have noticed in my Bankruptcy Practice that can easily be resolved if one common misconception is cleared up.

When individuals go into foreclosure, they receive what is known as a Demand Letter that is sent to them from the mortgage law firm letting the borrowers know that their property is going into foreclosure. The common misconception that I hear from many my clients at this point in the process is their belief the sheriff will be coming any day to forcibly remove them from their property. This is not the case under the old or new foreclosure laws here in Colorado.

In fact, the problem we have recently found is when our clients speak to other individuals that have gone through a foreclosure and they mistakenly inform our clients that our clients have 75 days after the sale date to remain in the property. This was formally known as the redemption period under the old law. This is no longer correct because the new law removed the redemption period! Under the new law, the same time period that used to allow possession of the property after the foreclosure sale is now the cure period and found prior to the sale date.

Thus, title now transfers at the foreclosure sale and so does the right of possession. Due of this, a Writ of Restitution can be issued within a few days of a foreclosure sale. This is all the Sheriff needs to forcibly remove property and individuals from the property. Therefore, many of the clients that come to our law firm, are forcibly removed unexpectedly because a "friend" incorrectly told them the law and the incorrect timelines.

The foreclosure process is a scary, frustrating, and embarrassing process and nothing is worse then coming home and finding all your belonging being forcibly removed from a property. However, such actions can be avoided if you are properly informed of the new foreclosure laws in the State of Colorado and seek legal advice if unsure of any steps in the process.

About the Author

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