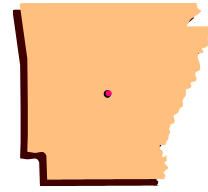


ARKANSAS



Foreclosure in a Nutshell

Judicial	Non-Judicial	Process Period (Days)	Sale Publication (Days)	Redemption Period (Days)	Sale/NTS
•	•	70	30	365*	Trustee

Comments: Both Kinds of Foreclosures are used equally

Arkansas foreclosures are handled both in court and out of court. A typical out-of-court foreclosure can last a little less than three months.

Pre-foreclosure Period

In Arkansas, foreclosures can be handled either in or out of the court system, but the lender must have an appraisal of the property taken prior to the scheduled foreclosure date.

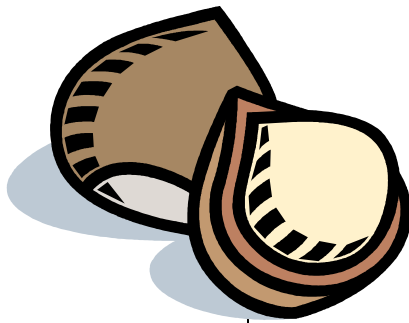
In a court-handled foreclosure, the court determines the amount in default and gives the borrower a short time to pay the debt to the lender. If the borrower fails to pay the full amount owed within that timeframe, then the property goes up for sale, usually about 30 days after the court considers the matter.

Power-of sale clauses in mortgages allow lenders to foreclose on property in default without going through the court system. To begin the foreclosure process out of court, the lender will have a notice of default filed with county records. The borrower can stop the foreclosure process by paying off the amount owed any time before the foreclosure sale. For power-of-sale foreclosures handled out of the court system, the notice of default filed by the lender also serves as the notice of sale, as it contains all the information pertinent to the sale (time, location, property description, etc.). Within 30 days of this notice of default being recorded, a copy of the notice and the lender's intention to sell is mailed to the borrower. The lender also posts a notice of sale in the office of the county recorder. The notice is published in a local newspaper for four consecutive weeks, with the final notice being published at least 10 days prior to the sale.

At the sale, which is run by an auctioneer, anyone can bid on the property, with the exception of the trustee, who may only bid on behalf of the lender. The highest bidder is awarded ownership of the property and must pay the full bid price within 10 days of the sale. For out-of-court foreclosures, the borrower has no right to redeem the property after the sale.

The property must sell for no less than two thirds of the appraised value. If this value is not met, the property must be offered for sale again within 12 months of the original sale date. If this occurs, the second sale awards the property to the highest bidder, regardless of the appraisal price.

If the property is foreclosed through the courts, the borrower has one year from the date of the sale to redeem the property, provided that they pay the amount of the purchase price from the auction plus interest.



Resources

a. Arkansas Housing Finance Authorities:

Jonesboro: <http://www.jurha.org/>
Little Rock: <http://www.lrhousing.org/>
North Little Rock: <http://www.nlrha.org/>
Polk County: <http://www.polkarhousing.com/>

b. HUD:

<http://www.hud.gov/offices/pih/pha/contacts/states/ar.cfm>