

# CONNECTICUT'S UNIQUE FORECLOSURE JUDGMENT OF STRICT FORECLOSURE AND THE RUNNING OF LAW DAYS

TUESDAY, APRIL 1, 2008



A Judgment of Strict Foreclosure enables a Foreclosing Creditor to avoid the expense and delay of a Judgment of Foreclosure by Sale

## *What Does NOT Happen in a Judgment of Strict Foreclosure?*

- ⇒ There is NO auction, or foreclosure sale held on a Saturday
- ⇒ There is NO committee (auctioneer-attorney) appointed by the Court
- ⇒ There are NO fees and costs incurred by a committee which average between \$5-10K depending on the jurisdiction where the case is pending and the character and experience of the committee
- ⇒ There is NO redemption or appeal period after a foreclosure sale
- ⇒ There is NO opportunity for junior lienors who are not the successful bidder to realize excess sales proceeds
- ⇒ There is NO requirement for Court approval of a foreclosure sale
- ⇒ There is NO opportunity for the borrower to file a motion to open judgment after the foreclosure sale, or to take an appeal after the Court approves the foreclosure sale

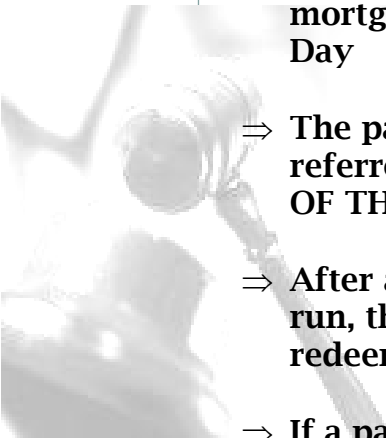
## *What DOES Happen in a Judgment of Strict Foreclosure?*

- ⇒ It only enters where there is minimal or negative equity in the Property, or by consent of all parties
- ⇒ The Court assigns the borrower (the owner of the equity of redemption) a Law Day which is always the First Law Day
- ⇒ The First Law Day cannot be shorter than 21 days (allowing for the 20 day appeal period)

## *What DOES Happen in a Judgment of Strict Foreclosure? (cont.)*

*"No Law or ordinance mightier than understanding"*  
~ Plato

- ⇒ The First Law Day is typically 21-60 days from the date of judgment (sale dates are typically 60-120 days from date of judgment)
- ⇒ All junior lienors or subsequent encumbrancers with an interest in the property are assigned a Law Day
- ⇒ The borrower has the right to redeem (pay off) the Mortgage AT ANY TIME BEFORE HIS/HER/ITS LAW DAY
- ⇒ All junior lienors or subsequent encumbrancers are assigned a law day in the OPPOSITE ORDER of their priority
- ⇒ Each party with a Law Day has an opportunity to redeem (pay off) the foreclosing Plaintiff's mortgage ON his/her/its Law Day
- ⇒ If a party redeems on his/her/its Law Day, the foreclosing Plaintiff's mortgage is foreclosed AS WELL AS the interest of any other party with a Law Day that has previously run
- ⇒ The passing of Law Days is referred to as THE RUNNING OF THE LAW DAYS
- ⇒ The appeal period runs twenty days from the day of the Judgment of Strict Foreclosure
- ⇒ After a party's Law Day has run, that party's right to redeem is TERMINATED
- ⇒ If a party redeems on his/her/its Law Day, that party takes title to the Property subject ONLY to the interest(s) of any party whose law day has NOT run



## *What Happens If a Bankruptcy Case is Filed?*

⇒ Under Connecticut statutes, if a chapter 13 bankruptcy case is filed AFTER a Judgment of Strict Foreclosure has entered, the Judgment is **AUTOMATICALLY OPENED**. Therefore, once relief from stay is obtained or the bankruptcy case is dismissed, a new judgment must enter.



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