

Published based on [What happens to a second mortgage when a home is purchased at a foreclosure auction?](#)

What happens to a second mortgage when a home is purchased at a foreclosure auction?

I am going to bid on a house at foreclosure and it has a 1st mortgage of \$280K and a second of \$70K. The lender on the first two mortgages is Decision One Mortgage. The lender at foreclosure is Countrywide. Does this mean that if I buy this house at foreclosure that I will own additional money to the second mortgage or just the first mortgage and back taxes?

When a senior lien forecloses, a junior lien is wiped out.

So if the first mortgage holder forecloses, the second trust deed goes away. If the second forecloses, you'll still owe the first.

Oftentimes, if a senior lien forecloses, the junior lien holder will send a representative to the auction to defend its interests by making sure the property goes for enough to pay the junior lien as well. Or they buy it themselves with the idea of reselling. Costs money, yes. But better than losing their whole investment.

You can also find this article published on [What happens to a second mortgage when a home is purchased at a foreclosure auction?](#), and on the tag pages [costs money](#), [decision one mortgage](#), [first mortgage](#), [foreclosure auction](#), [junior lien](#), [k. the](#), [lien holder](#), [mortgage holder](#), [second mortgage](#), [what happens to a second mortgage when a home is purchased at a foreclosure auction](#).