

## What Happens When A Homeowner Is In Foreclosure

First, the lender files a "Notice of Default" against the property after the owner is behind on payments. The lender usually does this after the owner is 90 days late but it could be sooner or later depending on the lender. Once this notice is filed, the owner has 90 days to catch up the back payments. If they don't do this, then the lender can file a "Notice of Trustee Sale". This gives the owner an additional 21 days to pay off all they owe to the lender, including the loan balance and late payments. If the owner can't do this, then the auction can be held.

Sometimes a lender is not ready to foreclose on an owner's property as soon as they are able to. In this case, the lender can instruct the trustee assigned to handle the sale, to postpone the foreclosure sale (the date the auction had been scheduled to be held). Regardless of how long the lender gives the homeowner, if they can't pay off the lender's loan, the auction date will arrive and on this date, one of two things will happen:

1. **If the owner DOESN'T OWE MORE than the property is worth (meaning there is equity in the property),** the trustee handling the sale for the lender will ask buyers to bid on the property and the lender will accept the highest bid. The bank hopes the bid amount will cover all that is owed on the loan balance, plus back payments and property taxes owed (if there are any). Any remaining proceeds will go to the lender, not to the owner. Once the lender accepts a buyer's bid, the new buyer will receive title to the property and the owner will be notified to move out. If the lender does not get enough to pay off their loan, they may choose to come after the owner for their loss, by filing a "deficiency judgment", unless they are blocked by law.
2. **If the owner DOES OWE MORE than the property is worth (meaning there is no equity in the property),** the lender will ask buyers to bid enough to pay off the loan balance, plus back payments and property taxes owed (if there are any). But wait, since the owner owes more than the property is worth, no buyers will bid more on the property than it's worth. When this happens, the lender takes title to the property and notifies the owner to move out. The lender will then list the property for sale and try to sell it for as much as they can get. Since the lender took a loss on what was owed to them, they may try to come after the owner for this amount.

**But wait, it's not too late to save the property from foreclosure and to save a huge hit on the owner's credit if they act before the trustee sale or auction is held.**

It's not too late to settle up with the lender for an amount less than what is owed to settle the debt in full and to stop the lender from coming after the owner for any losses they suffer. This works even if the owner owes more than the property is worth (this is called a short sale). This will also save the property from going to auction and will give the owner more time to stay in the property if their auction date is near.

We can get the lender to postpone a trustee or auction sale to allow the owner time to find a buyer for their property and pay off the mortgage loan.

Most owners don't realize that the lender would rather let the owner sell the property and pay off their loan, even at a discount to the lender, as opposed to the lender having to deal with holding a trustee sale and taking a loss at that time or having to take the property back, repair it and try to sell it later at a higher discount.

**We help owners resolve their situation, no matter what state of foreclosure they're in.**

If the owner has just received their "Notice of Default", they have at least 90 days to try to sell their property and pay off their loan. **One option allows us to list the property to try to get the owner a price closer to market value**, however the owner needs to understand that all property in foreclosure must state so, and buyers seeing this will want to make lower offers. In this case, owners pay all their own closing costs.

**The other option is that we can buy the property or bring in one of our cash buyers to buy the property even if the owner has received their "trustee sale notice".** Ideally, we need at least 10 business days to get the lender to postpone the trustee sale (auction sale). We negotiate with the lender to get them to accept the offer we present to them. The owner doesn't pay any closing costs and doesn't have to make repairs. At closing, the owner will be out of foreclosure, and the loan will be deemed settled / paid in full. If the owner has equity in the property, we do our best to get the buyer to give the owner cash for a portion of their equity.



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Contact me if you're behind on payments and are tired of receiving those threatening phone calls and letters from your lender. We can help you move on with peace of mind, knowing you'll be saved from having a foreclosure attached to your name and credit.