Foreclosure Process

3 Weeks	5 Days	45 Days	Free
NOTICE OF SALE MUST BE PUBLISHED BEFORE AUCTION	DEADLINE TO REINSTATE THE LOAN BEFORE SALE	ADDED POSTPONEMENT PERIOD UNDER AB 2424	HUD-APPROVED HOUSING COUNSELING AVAILABLE

Foreclosure activity moves in cycles across the United States. Elevated mortgage rates, rising insurance premiums, climbing HOA fees, and reduced buyer demand can all strain household budgets — and when payments cannot be met the forclosure process looms on the horizon.

Many borrowers entered the market during the post-pandemic run-up, taking on high-rate adjustable loans or anticipating that rates would fall and prices would keep climbing. Neither has fully materialized, and some are now facing balloon payments, adjustment resets, and a refinancing window that has not opened as expected.

> *"As a general rule, a lender would rather receive payments than receive a home. Contact your lender before problems arise — not after."*

Lenders are not in the business of selling real estate. Most will work with borrowers who communicate early. If monthly payments have become unmanageable, a lender may offer loan modifications, forbearance, repayment plans, or in some cases a temporary reduction in interest.

The best plan is to call your lender before missing a payment.

NEW IN 2026: ADDITIONAL OPTIONS BEFORE FORECLOSURE

Federal and state programs have expanded since the pandemic era. Ask your lender or a HUD-approved housing counselor about: *loan modifications, mortgage forbearance, repayment plans, short sales,* and *deed-in-lieu of foreclosure.* A HUD counselor is free — call 1-800-569-4287

WHEN THE NON-JUDICIAL FORECLOSURE PROCESS BEGINS IN CALIFORNIA

If a property owner has missed payments and made no alternate arrangements, the lender — whether a bank, savings institution, or private party — will request that the trustee (often a title company) file a Notice of Default with the County Recorder's office. A copy is mailed to the property owner.

If the default stems from a missed balloon payment, the lender may require full payoff of the outstanding loan as the only cure. If the default is not resolved, the lender may direct the trustee to proceed to a public sale.

A **Notice of Sale** must be published in a local newspaper and posted in a public place — typically the courthouse — for **three consecutive weeks.** Once recorded, the property owner generally has until **5 days prior** to the sale date to bring the loan current and reinstate the deed of trust.

PROGRESSIVE TITLE COMPANY, INC.

California's Assembly Bill 2424 can however expand homeowner protections, introducing specific 45-day postponement periods and fair market value requirements to the stanard non-judicial foreclosure timeline. A real estate attorney would be able to expand on these protections.

REINSTATEMENT & POSTPONEMENT

If the owner cures the default by making up all missed payments, fees, and costs, the deed of trust is reinstated and regular monthly payments resume. Even after this period, it may still be possible to negotiate a postponement of the sale directly with the lender — but time is critical and delays are not guaranteed.

THE PUBLIC SALE

If no postponement is reached, the property goes *"on the auction block."* Buyers at public auction must pay their bid amount in cash, cashier's check, or another instrument acceptable to the trustee. A lender may submit a *"credit bid"* — applying the outstanding loan balance toward the purchase price rather than the lender paying cash.

Properties sold at auction are conveyed **as-is, without warranty.** The new buyer takes the property subject to any senior liens, unpaid property taxes, and other encumbrances that were not extingushed by the foreclosure.

BUYING A FORECLOSED PROPERTY? PROCEED WITH CAUTION.

Foreclosed properties are frequently burdened with overdue taxes, mechanic's liens, IRS liens, and clouded titles. Title insurance may not be available after a trustee's sale — or may contain significant exceptions. Research all encumbrances thoroughly before bidding. Consider consulting a real estate attorney before participating in any auction.

MARKET CONTEXT

Foreclosure activity typically remains well below the levels seen during the 2010 crisis, when filings numbered in the millions nationwide. States with higher living costs and property values — historically including California, Texas, and Florida — tend to see some of the highest foreclosure activity. Rising borrowing costs, insurance expenses, and softening home prices can all erode homeowners' equity cushions over time, a dynamic worth watching regardless of where the market sits in the cycle.

Even when foreclosure filings tick upward year-over-year, they typically remain far below the 2010 crisis peak. Short-term upticks often reflect market normalization rather than a housing crisis — but they're worth watching closely.

Homeowners with significant equity may have options unavailable in past downturns: a **short sale** (selling below loan balance with lender approval) or **deed-in-lieu** (voluntarily transferring the title to the lender) can in many cases avoid a formal foreclosure on credit records.

THE BOTTOM LINE

Whether you are a homeowner facing payment difficulties, an investor considering a foreclosure purchase, or a real estate professional serving clients in distress, understanding the foreclosure timeline and your options at each stage is essential. Act early, communicate openly with your lender, and seek professional guidance before the process advances.