

It is important to have a general understanding of the foreclosure procedure so that you are informed and are able to identify your rights and options. With this information, you can take a proactive role in finding the best possible solution for your mortgage loan situation.

The Foreclosure Procedure

Event 1: Missing a Single Payment

The foreclosure procedure may begin once you are 120 days delinquent on mortgage payments (a delinquency) of a consumer loan. This time can be used to explore loss mitigation options. It is recommended the homeowners work with an experienced attorney for advice and a real estate licensee for negotiations during this time to ensure the option they agree to benefit their current situation.

When borrowers miss even one monthly mortgage payment, they should start talking to their lender or its servicing agent – before a large amount is outstanding and owing on the mortgage loan. When the lender becomes aware of the homeowner’s financial situation, it may try to offer a solution or assist the homeowner in some way. Lenders and their servicing agents are often more understanding with a homeowner who is upfront and deals with the issue than one who has defaulted and fails to communicate with the lender or servicing agent. This is because it is often more beneficial for the lender to assist homeowners or help them to sell the security property than have a repossessed property the lender has to sell itself.

In some instances, homeowners (who failed to make monthly mortgage loan payments or who anticipate the inability to make such payments) have a very hard time contacting their lender or its servicing agent. The California Homeowner Bill of Rights (HBOR) is a set of laws that provide protections to homeowners who are facing foreclosure. It became law on January 1, 2013, with many sections renewed and modified as of January 1, 2019 and August 31, 2020.

