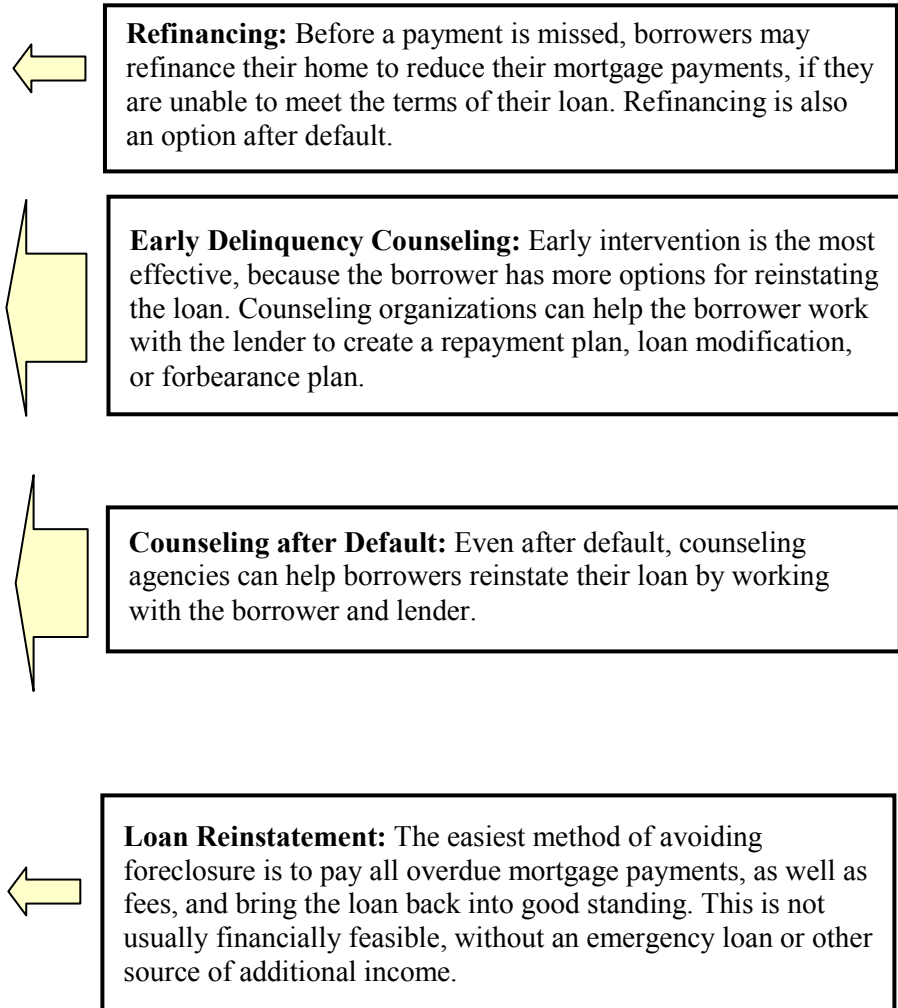




## CALIFORNIA FORECLOSURE TIMELINE

|                                     |   |
|-------------------------------------|---|
|                                     | <b>Loan in good standing:</b> Payments are being made on time.  |
| <b>Day 1</b>                        | <b>Missed Payment:</b> It's the first of the month, and the mortgage payment is due. The borrower misses a payment.   |
| <b>Day 31</b>                       | <b>Second Missed Payment:</b> It's the first of the month, and the borrower misses a second payment.  |
| <b>Day 32</b>                       | <b>Default:</b> The borrower is in default the second day after the second missed mortgage payment is due.  |
| <b>Day 40-90</b>                    | <b>Notice of Default (NOD):</b> Some time in the next 60 days, the borrower will receive a letter stating that the Notice of Default (NOD) has been recorded. The date of the NOD depends on the lender.  |
| <b>Day 130-180</b>                  | <b>Silent Period:</b> After the NOD is recorded there is a 90 day silent period in which borrower may pay all back payments and fees to cure the default. After the silent period, the lender sends the borrower a letter setting the date of the Trustee's Sale, typically three weeks after the end of the silent period. |
| <b>5 days before Trustee's sale</b> | <b>Right to Cure:</b> The borrower may cure the default up to five days before the property is sold.  |
| <b>Day 150 - 200</b>                | <b>Trustee's Sale:</b> The house is sold at a foreclosure sale or auction.  |
| <b>Day 180 - 230</b>                | <b>Eviction:</b> The borrower has the right to remain in the house for up to 30 days after the house is sold.   |

## OPPORTUNITIES FOR FORECLOSURE INTERVENTION





## COMMON FORECLOSURE INTERVENTION TOOLS

**Reinstatement (Cure):** The easiest way for a borrower to cure a delinquency is to pay the lender everything owed. This includes missed payments, any late fees associated with these payments, and any other fees which the lender charges as a result of your delinquency. The reinstatement period varies from state to state. In California, the borrower has the legal right to reinstate a loan up until 5 business days prior to the trustee's sale.

**Repayment Plan:** This is a written agreement between the borrower and the lender that plans how the borrower will make up missed payments. Generally these agreements require higher payments than the regular monthly mortgage amount for a short period of time, until the loan is brought up-to-date. The borrower must not agree to a payment plan he or she cannot honor; but must be willing to pay what he or she can realistically afford.

**Modification:** A loan modification involves changing one or more terms of a mortgage. Modifications can be considered to reduce the interest rate of the mortgage, change the mortgage product (from an adjustable rate to a fixed rate, for example), extend the term of the mortgage or capitalize delinquent payments (add delinquent payments to the mortgage balance — only available in extreme hardship situations). Modifications are not easily granted and there must be strong, justifiable reasons for the request.

**Forbearance Agreement:** The lender will allow the borrower a period of time (3 to 6 months generally) during which to make either lower payments or no payments at all. Unless the loan term is extended, later payments generally will have to be higher than the original monthly mortgage payments until the loan is up-to-date again.

**Special Forbearance:** (Applicable to FHA-insured loans only.) The lender may allow partial payments for up to 18 months to allow the borrower to get back on track. The lender may also offer "partial claim," or advance funds, to help you become current.

**Refinance:** If the borrower is current and there is equity in the property, refinancing is an option. Refinancing is harder once the borrower is delinquent, but can sometimes be done with counseling assistance.

**Second Mortgage (Equity Loan):** A second mortgage is possible even if the borrower is seriously delinquent if there is enough equity in his or her home. This option is not generally feasible when the borrower is having trouble making first mortgage payments—a higher interest rate and another payment would only be compounding the problem. This option may be used to eliminate consumer debt.

**Bankruptcy:** A Chapter 13 bankruptcy may help the borrower save his or her home from foreclosure if all other options have failed. The borrower will need to consult a bankruptcy attorney. Legal advice is always recommended prior to filing. Bankruptcy closes the doors to other options.