Behind on your mortgage? Here is what to do next.

A plain-English guide for California homeowners: what a Notice of Default means, how the timeline works, who to call, and every option you have, including the free ones.

I'm Derek. I buy houses here in Redding and across Northern California, and I've put this together because most people get their first foreclosure letter, panic, and don't realize how many options they still have. Read it once, then work through the steps. Most of the best options only exist **before** the auction date.

Do these three things this week

1. Find your dates. Look through your mail for a *Notice of Default* or *Notice of Trustee's Sale*. Write down the recording date, the amount owed to catch up, and the sale date if there is one.

2. Call your loan servicer (the company on your statement) and ask about reinstatement, a repayment plan, forbearance, or a loan modification. Page 3 has a call checklist.

3. Call a free HUD-approved housing counselor at **(800) 569-4287**. Foreclosure counseling is free and they can walk you through your options and the paperwork.

The foreclosure process at a glance

Months 1–4	You miss payments. Your servicer must reach out to you (or show it tried) at least 30 days before it can record a Notice of Default on an owner-occupied home.
Notice of Default	Recorded at the county recorder and mailed to you. The 3-month reinstatement window begins. You can still catch up, work out a plan, or sell.
3+ months later	The lender can record a Notice of Trustee's Sale, which sets the auction date, at least 20 days out.
Auction	A public trustee's sale. You can reinstate until 5 business days before the date, and sell your home any time before it concludes.

Key point: the earliest a home can be sold at auction is roughly 7–8 months after the first missed payment, so you usually have more time than the letters make it feel like. But the cost to catch up grows every month and some options have hard deadlines, so the sooner you act, the more choices you keep.

Words you will see on the letters

Servicer	The company that collects your payments and handles your account. It may not be the company that owns your loan.
Trustee	The neutral company named on your deed of trust that runs the foreclosure sale. Its phone number is on the Notice of Sale.
Reinstatement	Paying what is past due plus fees and costs to cancel the foreclosure and keep your loan as it was.

What a Notice of Default really means

A Notice of Default (NOD) is the lender's formal first step toward foreclosure. It is recorded with the county recorder and a copy is sent to you. It states that you are behind, what you owe to catch up, and that the lender elects to sell the property to recover the debt.

The official California notice says it plainly: your property **may be sold without any court action** and you **may lose legal rights if you do not take prompt action**. It also tells you three useful things:

- The amount needed to catch up **keeps increasing** until your account is current, so ask for the exact figure for a specific date.
- You can ask in writing for an **itemization** of what you owe.
- You and the lender may agree **in writing** to extra time or a payment schedule before the Notice of Sale is posted, and you may **offer the property for sale** as long as the sale closes before the foreclosure concludes.

Timeline: from missed payment to auction

Step	What happens	What it means for you
Pre-NOD outreach	At least 30 days before recording an NOD, the servicer must contact you (or show it made diligent attempts) to discuss your options. Federal rules also generally bar a servicer from starting foreclosure until you are more than 120 days delinquent.	You may ask for a follow-up meeting within 14 days. The servicer must give you the HUD toll-free number.
Notice of Default recorded	Filed with the county recorder, mailed to you.	Your right to reinstate starts. A family member, counselor or attorney can record a request to receive copies of notices.
3-month waiting period	At least 3 months must pass after the NOD is recorded before the sale. A Notice of Sale may be recorded up to 5 days before the 3 months end.	Best window to apply for a modification, set up a plan, or list the home.
Notice of Trustee's Sale	Sets the auction date, which can be no earlier than 3 months + 20 days after the NOD was recorded. It is posted, mailed and recorded.	Reinstatement stays open until 5 business days before the sale date.
Postponements	If the sale is postponed 10 or more business days, you must get written notice of the new date within 5 business days.	If it is postponed more than 5 business days, your reinstatement right revives.
Trustee's sale (auction)	Public sale held on a business day between 9am and 5pm, in the county. Bidders may be required to show proof of funds.	After the sale, you lose the right to reinstate or sell. Surplus funds (if any) can belong to you.

Who these protections cover: the pre-NOD outreach and many of the other California protections apply to first mortgages on **owner-occupied homes of 1 to 4 units**. Rental properties, second homes and some small servicers may be treated differently, so check which category your loan is in when you call.

How to call your lender (and what to ask)

Your **servicer** is the company you send payments to, and it is who you will deal with. Calling is stressful, so go in prepared and take notes. Calm and organized gets better results.

Before you dial, have in front of you

- Your loan number, the latest mortgage statement, and any foreclosure letters.
- A recent pay stub, bank statements, and a one-page list of monthly income and expenses. They will ask for this for any hardship program.
- A notebook: write the date, the representative's name and ID, and what they promised.

Ask these questions

1	"What is the **exact amount to reinstate** through [a specific date], itemized?" (Get fees, late charges and costs broken out.)
2	"What is the **sale date**, if any, and who is the trustee handling the foreclosure?"
3	"Which **loss mitigation options** am I eligible for: repayment plan, forbearance, loan modification, or others?"
4	"Can I have the **application package and the deadline** in writing? How do I submit it, and how will I know it is complete?"
5	"Will the **foreclosure be on hold** while my application is under review?" (See dual tracking below.)
6	"Please send everything you are offering **in writing**, and give me a direct contact for my file."

Know your protections

- **No "dual tracking."** If you submit a **complete** first-lien loan modification application at least 5 business days before the sale, the lender generally cannot record an NOD or Notice of Sale, or hold the sale, while it is being reviewed.
- **You can appeal a denial.** You get at least 30 days to appeal, and generally no sale or sale notice can happen until 31 days after the written denial. If you are offered a modification, you have 14 days to accept.
- **Short-term plans.** Federal servicing rules also allow short-term forbearance or repayment plans, and a servicer generally cannot go forward with foreclosure while you perform on one.
- **Some smaller servicers are exempt** from parts of these protections, so ask the servicer which rules apply to your loan.

Watch for scams

In California it is **illegal** for anyone to collect a fee for a loan modification or forbearance before they have fully performed the service, or to take a power of attorney or a lien from you for it. Be wary of anyone who asks for money up front, tells you to stop talking to your lender, or asks you to sign over your deed. HUD counselors are free: **(800) 569-4287**.

Your options: if you want to keep the home

Each of these has to be negotiated with your servicer. Start with the one that fits your income today, not just your income before the hardship.

1. Reinstate the loan

Best if: you can come up with the past-due amount in one payment (a bonus, savings, help from family, or a sale of another asset).

- Pay the overdue payments plus the late charges, fees and costs. Right after reinstatement the lender records a notice of rescission, which cancels the NOD.
- You can reinstate from the date the NOD is recorded until **5 business days before the sale date** in the first Notice of Sale. The right revives if the sale is later postponed more than 5 business days.
- Get the exact payoff in writing for a specific date and pay by a traceable method (wire or cashier's check).

2. Repayment plan or forbearance

Best if: your income problem is temporary (job gap, medical bills, a short-term setback).

- **Forbearance** pauses or reduces payments for a set period. **A repayment plan** spreads the missed payments over future months on top of your regular payment.
- Before the Notice of Sale is posted you and the lender may agree in writing to extra time or a payment schedule. Get the terms in writing, including what happens at the end.
- Ask: will the paused amount be due in one lump sum when the plan ends, or be added to the loan?

3. Loan modification

Best if: you can afford a payment but not the one you have now, and you want to keep the home long term.

- A modification permanently changes the terms (rate, term, or how the past-due amount is handled) so the new payment fits your budget.
- Submit a **complete** application at least 5 business days before the sale for dual-tracking protection. Ask the servicer to confirm in writing that it is complete.
- A HUD-approved counselor can help you build the application packet at no cost. Do not pay anyone up front to do it.

> **Honest check:** if you cannot afford any realistic payment on this home, even after a modification, then spending months on applications can burn the time you need for a sale. Many people run a modification request and a backup sale plan at the same time.

Sale date close? Work backwards from it

Confirm the date	Call the trustee on the Notice of Sale and ask for the current sale date and whether it has been postponed.
More than 5 business days out	You can still reinstate. You can still submit a complete modification application for dual-tracking protection, or send the trustee a listing agreement for the 45-day postponement (page 5).
Under 5 business days out	Reinstatement and those deadlines have generally passed for the current date, but you can still sell the home before the sale concludes. Call your counselor and your servicer the same day.

Your options: if you decide to sell

Selling keeps you in control. A sale that closes before the auction pays off your loans, avoids a foreclosure sale, and may leave you with money in your pocket if you have equity.

4. Sell the home before the auction

Best if: you have equity, or the price will cover what you owe.

- The sale must close **before** the foreclosure concludes. The official notice confirms you may offer the property for sale up to that point.
- **Extra time (AB 2424):** for a 1–4 unit home, if the trustee receives a signed listing agreement with a California-licensed broker at least 5 business days before the sale, the sale is postponed 45 days. A second one-time 45-day postponement is available with a fully executed purchase agreement at a price at or above all recorded loans. Deliver it by USPS certified mail or tracked overnight courier with signature.
- Ask your servicer and the trustee in writing for the current payoff and the sale status.

5. Short sale

Best if: the home is worth less than you owe.

- You sell for less than the loan balance, with the lender's **written consent**. For a home of 4 units or fewer, if title transfers by recorded grant deed and the proceeds go to the lender as agreed, **no deficiency** is owed or collected (CCP §580e). The lender cannot demand extra payment for its consent.
- It takes lender approval, so start early. Fraud or waste and borrowers that are entities are excluded.

6. Deed in lieu of foreclosure

Best if: you want to hand the house back and your loan has no second mortgage or other liens.

- You voluntarily give the lender the property in exchange for ending the foreclosure. The lender has to agree, and often will not if there is a second mortgage, HELOC, tax lien or judgment on the title.
- Make sure the agreement says **in writing** that the loan is fully satisfied and any deficiency is waived. Ask whether relocation help ("cash for keys") is available. Forgiven debt can have tax consequences, so check with a tax professional.

If a fast, as-is sale is the right move

NorCal Home Offer, locally owned in Redding, buys houses **as-is for cash**: no repairs, no cleaning, no listing, no fees or commissions. We can close in as little as **7 days**, or on the date that works for you. If you have a sale date coming up, we can work around it. We are BBB A+ rated.

Call or text Derek: (530) 999-7694
norcalhomeoffer.com/sell-fast-foreclosure

No pressure. If your best path is a modification or a listing with an agent, I will tell you that.

Free help, any time: HUD housing counselors (800) 569-4287 (TTY 800-877-8339) · Homeowner's HOPE Hotline (888) 995-HOPE · Shasta County Recorder (530) 225-5671 · Tehama County Recorder (530) 527-3350