

**DEFAULTING HOMEOWNERS : Evolving Steps 1-9 to title transfer**



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 PESAPC

**1-CURE**

Opportunity for homeowner to pay current past due amounts with late fees

**2-NOTICE OF DELINQUENCY**

Lender expresses concern, in writing, about homeowner failure to pay mortgage, real property taxes & insurance

**3-MODIFICATION**

Under some circumstances, Lender can modify loan terms (interest rate, payment amount, amortization period) in proven case of 'hardship' - CAVEAT: Gluskin / Buice

**4-FORBEARANCE**

In proven case of 'hardship' lender can arrange payment plan – part or all of payment can be held off to future repayment or made part of balloon payment at maturity

**5-SHORT SALE**

Where lenders allow property to be sold for less than what is owed on the loans. Lender absorbs escrow shortfall, pays certain expenses. Complicating factors for lenders and impacts on owners including possible COD ordinary income if MFDRA not applicable.

**6-DEED IN LIEU**

Where Lender rejects loan modification, forbearance, and short sale. If situation is right, homeowner MAY be able to give back property – many complicating factors most notably existence of junior lien held by different lender + TSG Policy

**DOCS LENDER REQUIRES**

Borrower signed hardship letter  
 Updated / Current Financials  
 Most recent 2 months:  
 pay stubs & bank statements  
 Most recent 2 years tax returns

**7-TRO**

CCCP § 526 : must support notion of Irreparable injury, balance hardships, likelihood of prevailing

**8-BANKRUPTCY**

Used as effective tool to stay in property, discharge obligations, and to leverage lender to coop (LAM Strip)

**9-FORECLOSURE**

Property sold at public auction for amounts owed lender + fees; junior liens extinguished + TSG policy

**Timeline**  
 2-3 Months

Mortgage Default : Cure

90 Days

NOD Recorded – Grace Period to structure workout

FILE Petition for  
 Bankruptcy or TRO

21-25 Days

Notice of Trustee Sale

No cure last 5 days

111 Days

Public Sale

REO

Evicted