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FREE GUIDE

CALIFORNIA HOMEOWNERS

Behind on your mortgage? Your options before foreclosure in California

Behind on payments. Plain English, every fact sourced and dated.

INSIDE

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Questions? Talk with Fadi.
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Behind on your mortgage? Your options before foreclosure in California

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QUICK ANSWER

Several options can keep you in the home, such as catching up, a repayment plan, forbearance or a loan modification. Start with a free call to a HUD-approved housing counselor, who can look at your whole situation. Selling is one option among several, and it isn't right for everyone.

At a glance

Option	In the FTC's words, or the law's
Catch up (reinstate)	Worth considering if the problem "is temporary"
Repayment plan	Could help "if you've missed only a few payments, and you'll no longer have trouble making them each month"
Forbearance	Payments lowered or paused "for a short time"
Loan modification	"A permanent change to one or more of the terms of the mortgage contract"
Sell, or short sale	Pay off the loan, or sell for less than you owe with lender approval
Deed in lieu	An agreement to give the home to the lender

Who can help me for free?

A HUD-approved housing counselor. CFPB says to call HUD at (800) 569-4287 and enter your ZIP code to be referred to a counselor near you. California law makes paid loan modification helpers say in writing that "It is not necessary to pay a third party to arrange for a loan modification." You can give

your counselor or an attorney written permission to talk to your servicer for you.

Your options, one by one

Your options at a glance

A free HUD-approved counselor can help you weigh your options: (800) 569-4287.

Keep the home

- Catch up (reinstate)
- Repayment plan
- Forbearance
- Loan modification

Move on

- Sell (list it or a cash buyer)
- Short sale (lender must approve)
- Deed in lieu of foreclosure

Last resorts

- Bankruptcy (see an attorney first)
- Doing nothing: the home is sold

1. Catch up (reinstate)

You can reinstate from the day a notice of default is recorded until five business days before the sale date. You pay the past-due amounts plus allowed costs and fees, and the loan goes back to normal, as if the lender had never demanded the full balance.

2. Repayment plan

The FTC says a repayment plan "could be helpful if you've missed only a few payments, and you'll no longer have trouble making them each month."

3. Forbearance

Your servicer or lender "agrees to lower or pause your payments for a short time." Ask what happens when it ends and how the paused amount is handled.

4. Loan modification

"A loan modification is a permanent change to one or more of the terms of the mortgage contract," per the FTC. For many owner-occupied first mortgages, a larger servicer can't move ahead with foreclosure while your complete application is pending, and a denial can be appealed.

5. Sell the home

The FTC: "Selling your home may get you the money you need to pay off your whole mortgage." California's required foreclosure notice says you may offer your property for sale, as long as the sale closes before the foreclosure ends. You can list it or sell to a cash buyer. A cash offer is usually below full market value, so compare what each would likely net after the loan and costs.

A **short sale** is selling for less than you owe, and the FTC says your servicer or lender must approve it.

6. Deed in lieu of foreclosure

"If a short sale isn't an option, you and your servicer or lender might agree to a deed in lieu of foreclosure." Get every term in writing, and ask a counselor or attorney what it means for you before signing.

7. Bankruptcy

Filing can pause a sale, but bankruptcy has long-term effects. The FTC calls Chapter 13 "generally considered the debt management option of last resort." See an attorney first.

8. Doing nothing

You lose the home. Foreclosure runs its course and the home is sold. After a trustee's sale, the lender can't collect the "deficiency" (the gap between what you owed and what the sale brought) on that loan: "no deficiency shall be owed or collected" on that note. A guarantor (someone who signed to back the loan) is treated differently, and other loans on the home are a separate question, so ask an attorney. The new owner must serve a 3-day written notice to quit and go to court if you stay. Our notice of default guide has the full timeline.

Why does applying early matter?

Under federal rules, if a complete application arrives more than 37 days before a sale, the servicer must evaluate it for all available options within 30 days. With 90 or more days, you can appeal a modification denial.

What if I'm behind on property taxes?

Call your county tax collector and ask about the installment plan: Los Angeles, Orange, Riverside, San Bernardino.

- **Late dates.** The first installment is late after 5 p.m. December 10, the second after 5 p.m. April 10, with a 10 percent penalty on each. Taxes still unpaid on July 1 go into default, and penalties of 1.5 percent a month build up from there.
- **The risk.** Generally after five years in default, the tax collector can sell the home. You can pay it all off until the close of business on the last business day before the tax sale starts.
- **The installment plan.** You start by paying at least 20 percent of what's owed and keeping current taxes paid, before the tax collector's power to sell begins. You then pay the rest over the next four years, with interest. While you're on the plan, the home can't be sold for taxes. Your county may charge a setup fee.
- **If you're 62 or older, blind or disabled.** The State Controller's Property Tax Postponement program can put off this year's property taxes on your home. It's a postponement, not forgiveness: the state records a lien, and simple interest of 5% a year is added. You need at least 40% equity, a household income under the yearly limit ($57,002 for 2026-27), and you apply between October 1,

2026 and February 10, 2027 for this year. **It doesn't cover past-due taxes from earlier years.** The postponed taxes come due if you sell, move out, refinance or take a reverse mortgage. Call the program at (800) 952-5661 to confirm the current rules.

What are my cancellation rights if someone offers to buy my home?

California's home equity sales law (Civil Code 1695 and the sections after it) covers most buyers of a "residence in foreclosure," meaning the seller's main home, with 1 to 4 units and a recorded notice of default, and in those sales the seller can cancel the contract until midnight of the fifth business day after signing, or until 8 a.m. on the day of the foreclosure sale, whichever comes first. The exceptions include someone buying the home to live in it and a trustee's sale. Ask an attorney how the law applies to a particular sale.

- The contract must be in writing, in the language used to negotiate, and fully completed and signed by both sides before any deed is signed, with a notice of cancellation.
- A notice in large type must say the buyer "CANNOT ask you to sign or have you sign any deed or any other document" until the cancellation right ends.
- **Saturdays count as business days, so the window ends sooner** than you might expect.
- **How to cancel:** hand-deliver written notice to the address in the contract and keep proof that you did. The law's wording is old (see the source note below). The notice doesn't have to use the form that came with the contract, as long as it shows you don't want to be bound by the contract.
- The buyer can't make untrue or misleading statements about the home's value or your rights. A deal that "takes unconscionable advantage" of an owner in foreclosure can be undone by the owner within two years of the deed being recorded.

Source note: Civil Code 1695.4(b) says cancellation happens by personal delivery of written notice, or by "telegram," to the address in the contract.

If any of this is missing from a contract you're handed, ask a counselor or attorney before you sign.

What to do this week

1. **Call a HUD-approved counselor.** (800) 569-4287, then your ZIP code. It's free.
2. **Find your dates.** Notice of default, notice of sale, sale date. Ask the trustee in writing for the last day you can reinstate.
3. **Ask your servicer which options it offers,** and for the reinstatement amount in writing.
4. **Collect your papers** for a complete application.
5. **Before you deal with any buyer or "helper,"** get the contract in writing and have a counselor or attorney read it.

The California Mortgage Relief Program is "no longer offering grants," and CalAssist Mortgage Fund says "Applications are closed" as of November 3, 2026.

Watch out for

Foreclosure rescue scams tend to look like this.

They want money first. CFPB: "If anyone tries to charge you in advance for help or guarantees that they can stop your foreclosure, they're not legitimate." California law (Civil Code 2944.7 and 2945.4) bars paid loan modification and foreclosure helpers from taking any fee before all the work is done, and from taking a lien, a power of attorney, or any interest in your home.

They guarantee results. The FTC: "A reputable lawyer doesn't guarantee results, no matter what your circumstances."

They want your deed. The FTC: "Scammers may try to convince you to transfer the deed to your home to them." DFPI: "Transferring a title does not relieve a borrower from their mortgage payments."

They offer to "rent it back" and sell it back later. The Attorney General describes this scheme. If a deed comes with a promise that you can buy the home back, the law presumes it's really a loan secured by the home.

They tell you to pay them, not your lender, or to stop contacting your lender (FTC).

They aren't registered. Foreclosure consultants must register with the California Department of Justice and keep a $100,000 surety bond. A consultant contract must be in writing, and you can cancel it until midnight of the fifth business day after signing.

Questions people ask

Can I still sell my house after a notice of default?

Yes, if the sale closes before the foreclosure ends. Compare a listing and a cash offer by what each would net.

What's the difference between a short sale and a deed in lieu?

In a short sale you sell for less than you owe, with the lender's approval. In a deed in lieu, you and the lender agree that you give the home to the lender.

How late can I reinstate?

Until five business days before the sale date.

Is someone offering to "save my home" for a fee a scam?

Asking for money up front is a red flag under CFPB, FTC and California law. Read the whole contract before you sign, or have an attorney read it.



Questions about your situation?

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Sources

- California Revenue and Taxation Code 20505 (62 or older, blind or disabled), 20583 (40% equity), 20584(c) (current-year taxes only; prior-year delinquent taxes excluded), 20585 (income limit, indexed yearly) (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC&sectionNum=20584)
- California Government Code 16183 (5% simple interest) and 16190 (when postponed taxes come due, including refinancing and reverse mortgages) (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16190)
- California State Controller, Property Tax Postponement (2026-27 income limit, filing period, phone) (https://www.sco.ca.gov/ardtax_prop_tax_postponement.html)

Checked on November 23, 2026. California statutes: https://leginfo.legislature.ca.gov/faces/codes.xhtml (https://leginfo.legislature.ca.gov/faces/codes.xhtml) (search by code and section number). Property tax sections use lawCode=RTC.

- Civil Code 2923.6, 2924, 2924c, 2924.11: modification, notice, reinstatement, plans
- Civil Code 1695 to 1695.17: home equity sales contracts
- Civil Code 2944.6, 2944.7, 2945 to 2945.7: helpers and foreclosure consultants
- Code of Civil Procedure 580d: no deficiency after a trustee's sale
- Revenue and Taxation Code 2617, 2618, 3361, 3436, 3691, 3707, 4101, 4103, 4217, 4218, 4219, 4220, 4221

- County tax collectors: Los Angeles https://ttc.lacounty.gov/ (https://ttc.lacounty.gov/) ; Orange https://www.octreasurer.gov/ (https://www.octreasurer.gov/) ; Riverside https://countytreasurer.org/ (https://countytreasurer.org/) ; San Bernardino https://www.sbcountyatc.gov/tax-collector (https://www.sbcountyatc.gov/tax-collector)
- FTC, "Trouble Paying Your Mortgage or Facing Foreclosure?" (https://consumer.ftc.gov/node/298698)
- FTC, "Mortgage Relief Scams" (https://consumer.ftc.gov/articles/mortgage-relief-scams)
- CFPB, "Mortgage help" (https://www.consumerfinance.gov/mortgagehelp/)
- CFPB, Regulation X, 12 CFR 1024.39 and 1024.41 (https://www.consumerfinance.gov/rules-policy/regulations/1024/41/)
- California Courts Self-Help Guide (https://selfhelp.courts.ca.gov/foreclosures/nonjudicial)
- California Attorney General, "Foreclosure Rescue Scams": (https://www.oag.ca.gov/consumers/general/foreclosure_reg) https://oag.ca.gov/node/22264 (https://oag.ca.gov/node/22264), and "Foreclosure Consultant Registration"
- DFPI alert (2014) (https://dfpi.ca.gov/alert/mortgage-modification-and-foreclosure-scams-alert/)
- California Mortgage Relief Program (https://camortgagerelief.org/)
- CalAssist Mortgage Fund (https://www.calhfa.ca.gov/CalAssist/)

This guide explains general California rules. It isn't legal or tax advice. Talk with an attorney, a tax professional or a HUD-approved housing counselor about your situation.