



S.B.S. TRUST DEED NETWORK
SIMPLY BETTER SERVICE

STEP BY STEP INTRODUCTION TO CALIFORNIA FORECLOSURES

Step One- Getting Started:

In order to begin the foreclosure process, S.B.S. Trust Deed Network (S.B.S.) needs the following documents: The Note, Modifications to the Note (if any), Deed of Trust and any Assignments related to the delinquent loan. We will provide the following documents for signature by the beneficiary:

- **(1) Declaration of Default** must be signed and dated by the beneficiary and returned to our office. Original signatures are not necessary.
- **(2) Substitution of Trustee** which authorizes S.B.S. to act as your trustee, must be signed and notarized with the original signatures returned to our office.
- **(3) Homeowner Bill of Rights Declaration 113** must record with the Notice of Default. Please check the appropriate box and return to our office. Original signatures are not necessary.

The Notice of Default (NOD) is then filed with the county recorder's office which begins the three month period.

Step Two – Three Month Period:

Entitled parties are mailed a copy of the NOD within the first thirty days of the three month period. The first scheduled mailing is within ten business days of the recording of the NOD to all persons/entities who have registered a request for notice. Copies of the NOD will also be sent to the trustors' last known address (provided by the beneficiary) and any address showing on the deed of trust. Within one month of the recording of the NOD, S.B.S. will mail a copy to all other parties that have a vested interest in the property.

During this time, unless the loan has matured, the trustor has the right to pay all of the delinquent debts plus the foreclosure fees and expenses. If the loan reinstates during the period allowed by law, the trustee will prepare a Notice of Rescission which will remove the NOD from public record.

Step Three - Publication:

If the default is still active after the expiration of the three month period, S.B.S. can schedule the trustee's sale with written authorization from the beneficiary. Within three weeks preceding the end of the three month period, S.B.S. will forward a request for Authorization to Publish Notice of Trustee's Sale to the beneficiary. After the execution and return of this form to our office, S.B.S. will prepare the Notice of Trustee's Sale (NOS) to publish in a judicated newspaper once a week for three consecutive weeks. The date of the sale usually occurs within 4-6 weeks after the end of the three month period. A copy of the NOS will be posted on the property and in at least one public place in the city where the sale will take place. Finally, S.B.S. mails a copy of the NOS to each person who received a copy of the NOD.

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S.B.S. is a debt collector attempting to collect a debt and any information obtained will be used for that purpose

Step Four – Trustees Sale:

The beneficiary must sign and return the Authorization to Bid, which authorizes S.B.S. to place the initial opening bid at the sale.

The trustor or any other party who holds an interest in the property may reinstate up to five business days before the sale date (unless the loan has matured). After that time, the unpaid principal balance and all interest, late charges, fees costs and penalties become due and payable.

The sale is an open public auction. The beneficiary does not need to be present at the auction. If the beneficiary wishes to competitively bid at the auction, it is required that the beneficiary have the funds available to pay the difference between the amount of the debt and the final bid. All amounts bid must be in the form of a cashier's check, certified check or drawn on a State or Federal Savings Institution. The sale concludes when the highest bid is received and the auctioneer accepts that bid as final. If no one bids at the sale, the property reverts to the beneficiary(s) of record. Funds received at the sale are distributed to parties of interest only after bank's clearance (typically 7 days). Any surplus funds are distributed amongst junior lienholders as they appear in title priority, and finally to the trustor, if there are additional funds after junior liens have been satisfied.

Postponement: A trustee's sale may postpone by bankruptcy or other legal proceedings that may prevent the sale being held on the scheduled date. The borrower and lender may jointly request a postponement or the lender may request a postponement without the borrower's consent. If within one year of the original sale the sale is not completed, the trustee must publish a new NOS in order to proceed.

Step Five – After the Sale: A Trustee's Deed Upon Sale (TDUS) will be prepared after the auction is conducted. The TDUS will be signed by the trustee and sent to the recorder's office. There is no right of redemption after a non-judicial foreclosure sale is conducted. The non-judicial foreclosure sale allows the purchaser to take immediate possession. If there is a federal tax lien attached to the property, the Internal Revenue Service (I.R.S.) retains the right to redeem the property within 120 days of the trustee's Sale.

Bankruptcy and Legal Action: There is a possibility that the trustor may choose to file for protection under the United States' bankruptcy code. It has been our experience that aggressive bankruptcy counsel can save months of unnecessary delay. Once a bankruptcy has been filed by the trustor, the foreclosure is stayed from further activity. An injunction or temporary restraining order will also immediately halt the process. S.B.S. will work directly with client's council to assist with any bankruptcy or legal action.

Payments – It is suggested that if the client has an open payment collection account, payments not be accepted as doing so *may* invalidate the foreclosure process.

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