

Foreclosure Glossary

NOD: “Notice of Default”. This means the lender has started the foreclosure process. There are usually about 3 months between when the NOD is recorded and when the property is given an auction date (the NTS is recorded).

NTS: “Notice of Trustee Sale”. This means the foreclosure auction has been scheduled and recorded. The auction date is set at least 20 days from the date the NTS is recorded.

Trustor: The current owner or individual listed on the current mortgage.

Trustee: The 3rd party company handling the foreclosure and auction. Contact this party to receive updated info on auction status and minimum bids.

Beneficiary: The lender or party that is foreclosing on the property.

Trust Deed: A trust deed (“TD”) reflects a mortgage against the property. A 1st TD is a 1st mortgage (or 1st lien), a 2nd TD is a 2nd mortgage (or 2nd lien), etc. In general, the oldest mortgage is the 1st mortgage and so forth (but this is NOT always true). Occasionally a 2nd mortgage will agree to re-subordinate and let the owner take out a new 1st mortgage (senior to their trust deed even through their loan was originated first). The order of the trust deeds is extremely important and needs to be verified by a title company!

In general, a trust deed “junior” to the foreclosing trust deed is dismissed through a foreclosure auction. For example, consider a property with a 1st TD for \$200,000 and a 2nd TD for \$50,000. If the 1st TD foreclosed on the home and sold the property at auction for \$200,000, the 1st TD would keep all of the \$200,000 and the 2nd TD would not receive any payoff. The auction buyer would then own the property with no money owed to the 2nd trust deed. However, if the 2nd TD had been the one to foreclose on the property and they sold it at auction for \$50,000, the 2nd TD would keep the \$50,000, the auction buyer would own the property BUT would still owe the 1st TD the full \$200,000 of their mortgage (because the 1st TD was a senior trust deed).

Minimum Bid: The amount of money the Beneficiary (or the lender) has told the Trustee to auction the property for. If no one buys the property at the minimum bid price, the property is then owned by the Beneficiary (the property is usually then sold on the MLS as a Bank Owned or REO property).

For questions or more information, please contact Capstone Realty and Financial, Inc at 760-681-2696 or team@capstonerealtycorp.com

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