

# Joffrey Long, Hard Money Lending Expert Witness, Answers Questions About Foreclosures and Trustees Sales

*Test Your Knowledge: 10 "Normal Questions" and 9 Difficult Ones*

LOS ANGELES, CA, UNITED STATES, August 20, 2019 /EINPresswire.com/ -- "Non-judicial foreclosure" in California involves a notice of default, a notice of trustees sale, the trustees sale auction, and property going to one of the bidders or reverting back to the lender/beneficiary.

There's a lot more to foreclosures and trustees sales than just what I mentioned. If you can answer 40% of these foreclosure questions, you're ahead of most of the people in our industry. The last 9 questions are a little more advanced - all the answers will be in my next article, tomorrow.

Confirm your knowledge:

**Trustees Sale Bidding:** The first trust deed on a property is foreclosing. The lender's minimum bid including the loan balance, payments due, advances, and charges on their first loan is \$310,000. There's an existing second trust deed with a \$60,000 unpaid balance and a 3rd trust deed with a balance of \$100,000. The property sells at the trustees sale for \$400,000. What happens to the money paid at the sale in excess of \$310,000? Who receives it?

What if the same house with the same 1st, 2nd, and 3rd sold for \$500,000? What would happen to the money?



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**Second trust Deed:** A lender holds a \$50,000 second trust deed on a property. There's a first trust deed for \$200,000 and the first trust deed begins a foreclosure. How can the holder of the second protect their interest?

Is there another way they can protect their interest?

**Delinquent property tax:** House was purchased in 2015 with 250,000 first loan. Property owner never paid

property taxes. By 2019, \$18,500 in delinquent property taxes are due. First trust deed forecloses. Total balance on the first at time of sale is \$291,000 and the property sells at the auction for \$360,000:

1-Do the property taxes get paid from the trustees sale proceeds?

2-Does the buyer get the property free of the unpaid property taxes?

IRS Lien: There's a \$310,000 first trust deed that's been on the property for 5 years. 2 years ago, the owner got an IRS lien for \$75,000. The first forecloses and the property goes to auction. It sells at the trustees sale for \$500,000.

1-Is the IRS lien paid off from the trustees sale?

2-Is the IRS lien "wiped out"?

3-Does the new buyer take the property with an IRS lien attached to it?

Excess Proceeds: The total of the first trust deed lender's loan, payments and other charges is \$270,000. The first forecloses and at the sale, the property sells for \$400,000. After the foreclosing first trust deed holder gets their \$270,000, how is the remainder of the \$400,000 distributed?

Trustees Sale: Who is the auctioneer at the trustee's sale? Who announces the auction, the property address, the trustees sale number, the opening bid, and calls for additional bids, then announces the winning bidder?

The questions get harder.....

Deed in Lieu of Foreclosure: A lender holds a loan and is foreclosing. To avoid having a foreclosure on their record, the borrower is willing to sign the property over to the lender with a deed in lieu of foreclosure. If the borrower just deeds the house to the lender, they can both bypass the foreclosure process.  
Should the lender accept the deed in lieu?

Why or why not?

Lender's Bidding at the Trustees Sale: Sometimes you'll hear that "there was a trustees sale but there were no bidders." This is never correct. To schedule a trustees sale, a lender must always submit a minimum opening bid. There's always at least one bid (the lender's) at any trustees sale. Bidders OTHER THAN the lender are called "third party bidders." It is often true that "there were no third-party bidders at the trustees sale and the lender's bid was the only bid."

Question: If a lender is foreclosing, what is the maximum amount of their opening bid?

Next question: Is there ever a reason why the lender should bid less than the maximum they're allowed to bid?

Foreclosure 103: These questions are a little tougher yet.....

Is Property Auctioned at the Trustees Sale Sold "As-Is?"

Are You Sure?

Judicial Foreclosure:

We've talked about non-judicial foreclosure - notice of default, notice of trustees sale, then an auction, the most common in California. It can take as little as about four months, costs are about 2% of the amount of the trust deed being foreclosed on. Judicial foreclosure is a "full-on"

lawsuit and could take years. It could cost tens, maybe hundreds of thousands of dollars.

Question: Why would anyone do a judicial foreclosure?

What other reasons are there?

Could you start both a judicial and a non-judicial foreclosure at the same time?

How did you do?

Please watch for part 2, tomorrow. We'll discuss the answers.

Joffrey Long is the President of Southwest Bancorp, a hard money (private money) lender and loan servicer located in Los Angeles, CA. He also testifies in mortgage litigation matters as a hard money lending expert witness. He is a member of the Board of Directors and the Education Committee of the [California Mortgage Association](http://www.CaliforniaMortgageAssociation.com). ([www.CaliforniaMortgageAssociation.com](http://www.CaliforniaMortgageAssociation.com)) He holds a Level I and Level II Trustees Sale Officer Designation from the United Trustees Association. ([www.UnitedTrustees.com](http://www.UnitedTrustees.com)) He's also the originator and sponsor of the Phillip M. Adleson Education Award, an annual award that recognizes individuals who've made outstanding contributions to education in private money lending. Further information may be obtained, and Joffrey can be reached through [www.mortgageexpertwitness.net](http://www.mortgageexpertwitness.net) or at [www.loanservicingexpertwitness.com](http://www.loanservicingexpertwitness.com).

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