How Los Angeles Homeowners Sell a House in Foreclosure and Stop the Auction in 2026

A recent Los Angeles short sale stopped a foreclosure auction on its scheduled date. Here's how underwater homeowners can sell before the gavel falls.

Nick Hedberg - We Sell Houses LA

LOS ANGELES, CA, UNITED STATES, June 15, 2026 /EINPresswire.com/ -- A Los Angeles homeowner was down to the day of a scheduled trustee sale — underwater on the mortgage, with the auction already on the calendar — when a short sale stopped the foreclosure. The home was worth far less than the loan balance because of its condition, and the loan servicer's valuation had come in too high to approve a sale. By escalating the file past the servicer to the loan's investor, Freddie Mac, We Sell Houses LA got the value resolved and the trustee sale halted the day it was set. The accepted offer is now under the lender's review, and the homeowner is on track to avoid foreclosure.

It is the kind of outcome many homeowners assume is impossible once a sale date is set. In reality, even late in the process, selling can stop a foreclosure — and for owners who owe more than their home is worth, a short sale is often the cleanest way out.

> In Los Angeles, a homeowner who owes more than the home is worth can sell through a short sale at no cost and stop a scheduled auction while the lender reviews the offer”
>
> *Nick Hedberg, short sale & foreclosure agent, Beverly & Company*

The need is growing. California recorded 7,985 foreclosure starts in the first quarter of 2026, the third-most of any state, according to ATTOM's U.S. Foreclosure Market Report — part of 118,727 U.S. filings that quarter, up 26 percent from a year earlier.

Key points:
- A scheduled foreclosure auction can be postponed even on the sale date when a short-sale offer is under active lender review.
- In an approved California short sale, the homeowner pays $0 out of pocket — the lender pays the real estate commission.

- Escalating a stalled file to the loan's investor — Fannie Mae, Freddie Mac, FHA, or VA — can break a valuation deadlock.

We Sell Houses LA

How Selling Stops a Foreclosure

California's nonjudicial foreclosure runs on a fixed clock: a notice of default, a roughly 90-day reinstatement period, a notice of trustee sale, and then the auction. Listing the home and putting an offer in front of the lender can interrupt that clock. When a short-sale offer is submitted and under review, the loan servicer can postpone the trustee sale while it evaluates the file. The closer a homeowner is to the auction date, the more the outcome depends on how the file is presented to — and pushed through — the servicer and the investor that owns the loan. (This is general information, not legal advice.)

What a Short Sale Solves for Underwater Los Angeles Homeowners

With Los Angeles County home values among the highest in the country, a homeowner who falls behind often faces a loan balance the current market will not cover. A short sale lets that owner sell for less than the amount owed, with the lender's approval, and move on without a completed foreclosure on their record. The homeowner pays nothing out of pocket — in an approved short sale, the lender pays the real estate commission. Sellers choose a closing timeline, avoid the auction, and in some loan programs may qualify for lender-paid relocation assistance.

We Sell Houses LA is a licensed Los Angeles real estate brokerage that represents homeowners in foreclosure and short-sale situations. The team lists and markets distressed properties, negotiates directly with lenders and loan servicers, and charges sellers nothing in an approved short sale, where the lender pays the commission.

Why Escalation Matters

Short sales most often stall over value. A servicer's initial valuation can come in too high to support the sale, and a homeowner has little leverage to dispute it alone. As in the case above, an experienced listing agent can take the file past the servicer to the investor that owns the loan — Fannie Mae, Freddie Mac, FHA, or VA — whose guidelines govern the approval. That step can be the difference between a halted auction and a lost home.

Act Before the Trustee Sale Date

The earlier a homeowner starts, the more options remain — from a short sale to reinstatement to other loss-mitigation paths. Even with an auction date already set, selling may still be possible, but the window is narrow and the paperwork is time-sensitive. Homeowners are encouraged to start with free, confidential information about their options before the sale date arrives. Los Angeles homeowners weighing their options can review a guide to selling a home in foreclosure at https://wesellhousesla.com/sell-my-house-in-foreclosure-los-angeles/.

About We Sell Houses LA: We Sell Houses LA helps Los Angeles homeowners sell properties in foreclosure, short sale, and other distressed situations. Led by Nick Hedberg, a licensed California real estate agent (DRE #02016456) with Beverly & Company and a Short Sale and Foreclosure Resource (SFR) certification, the team lists and markets distressed homes, negotiates with lenders and loan servicers, and guides homeowners through the California foreclosure timeline. In an approved short sale, sellers pay no out-of-pocket commission — the lender pays the real estate fee. We Sell Houses LA serves homeowners throughout Los Angeles County. Office: 9350 Wilshire Blvd, Suite 250, Beverly Hills, CA 90212. Phone: (424) 239-5209.

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