Notice of Default in California: What Los Angeles Homeowners Can Do in 2026 as Foreclosure Starts Climb

California logged 2,540 foreclosure starts in July 2026. A licensed LA agent outlines the options that stop an auction - at no cost to the seller.

Nick Hedberg - We Sell Houses LA - Short Sale & Foreclosure

LOS ANGELES, CALIFORNIA, UNITED STATES, CA, UNITED STATES, September 1, 2026 /EINPresswire.com/ -- California homeowners opened more foreclosure cases than almost any state in the country this summer, and most of them still have more options than they realize. According to ATTOM's July 2026 U.S. Foreclosure Market Report, lenders started the foreclosure process on 2,540 California properties in July alone, the third-highest total in the nation, while foreclosure filings nationwide rose 10 percent from a year earlier. In California, nearly every one of those cases began the same way: a Notice of Default recorded against the home.

A Notice of Default is the first formal step in California's nonjudicial foreclosure process, but it is not a sale date. State law builds in a waiting period of roughly three months before a sale can even be scheduled, and homeowners keep meaningful rights through almost the entire timeline. This is general information, not legal advice, but the pattern licensed agents see every week is consistent: the homeowners who act inside that window keep their equity, their credit, or both, while the ones who wait for the auction lose the choice entirely.

> After a notice of default, a California homeowner can list with a licensed agent - which can postpone a scheduled foreclosure auction up to 45 days under AB 2424."
>
> *Nick Hedberg, Short Sale Agent*

Key points:

- California recorded 2,540 foreclosure starts in July 2026, third-highest in the U.S., per ATTOM's monthly Foreclosure Market Report.

- A Notice of Default opens a roughly three-month window before a sale can be scheduled, and the homeowner can sell, reinstate, or pursue a short sale during that time.

- When a home is worth less than the mortgage balance, a short sale with a licensed agent costs the seller nothing, because the lender pays the commission.

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What a Notice of Default Actually Means

The Notice of Default is a recorded document that starts a clock, not a judgment. During the initial period the homeowner can reinstate the loan by catching up the missed payments and fees, negotiate a repayment plan or loan modification with the mortgage company, or put the home on the market. Reinstatement rights generally continue until shortly before a scheduled sale. Nothing about the notice forces a family to move out, and nothing about it prevents a sale.

Selling After a Notice of Default

A homeowner with equity can list and sell the home like any other seller, pay off the loan through escrow, and keep the difference. The compressed timeline is the only real difference, which is why pricing and preparation matter more than in an ordinary sale. Homeowners searching for what to do after a notice of default in California are usually surprised that a conventional sale remains the simplest exit when equity exists.

When the Home Is Worth Less Than the Loan: the Short Sale

When the mortgage balance is higher than the home's value, a short sale lets the owner sell, settle the mortgage debt with the lender's approval, and move on without a foreclosure on their record. The guidelines that govern approval come from the loan's backing, such as Fannie Mae, Freddie Mac, FHA, or VA, and a licensed agent experienced in those programs manages the process. The lender pays the agent's commission in a short sale, so the help costs the seller nothing out of pocket.

California's AB 2424 Can Postpone an Auction

Under California's AB 2424, a homeowner who lists the property with a licensed real estate agent and delivers the listing agreement to the foreclosure trustee at least five business days before a scheduled sale can have that sale postponed by 45 days. If a purchase agreement is then delivered, the law provides for an additional postponement. The statute rewards homeowners who engage a licensed agent early rather than waiting for auction week.

Where Los Angeles Homeowners Can Start

We Sell Houses LA - Short Sale & Foreclosure, the Los Angeles short sale and foreclosure practice of agent Nick Hedberg at Beverly & Company, offers free, confidential consultations for homeowners at any stage, from a first missed payment to a scheduled auction. A step-by-step guide to the process is published at https://wesellhousesla.com/notice-of-default-california-what-to-do/ and covers the 90-day timeline week by week.

About We Sell Houses LA

We Sell Houses LA - Short Sale & Foreclosure helps Los Angeles County homeowners stop foreclosure through short sales, standard sales, and lender negotiations. Long known simply as We Sell Houses LA, the practice now operates under its registered fictitious business name, We Sell Houses LA - Short Sale & Foreclosure, reflecting its exclusive focus on distressed-property sales. Nick Hedberg is a licensed California real estate agent (DRE #02016456) with Beverly & Company (DRE #02078273) and holds the SFR (Short Sales and Foreclosure Resource) certification. The practice serves Los Angeles, Inglewood, Hawthorne, Gardena, Compton, South Gate, Downey, Long Beach, Culver City, Venice, and Marina del Rey. Office: 3041 9th Ave, Los Angeles, CA 90018. Phone: (424) 239-5209.

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