



## Foreclosure Terms

**ASSIGNMENT OF DEED OF TRUST:** A document that transfers the lender's (beneficiary's) interest in a deed of trust.

**BANKRUPTCY:** A legal process that allows a debtor to discharge certain debts without paying the total amount due.

**BENEFICIARY:** The lender or person to who the obligation is owed.

**BIDDING INSTRUCTIONS:** An authorization form signed by the beneficiary authorizing the trustee to make the initial opening bid at a trustee's sale and subsequent bids.

**DECLARATION OF DEFAULT:** A document signed by the beneficiary instructing the trustee to prepare the Notice of Default should the borrower not bring the loan current, to sell the property, encumbered by the loan, in order to satisfy the unpaid debt. This document is not recorded.

**DEED OF TRUST:** A written document describing the real property being given as security for an obligation.

**EXTENSION AGREEMENT:** An agreement that extends the due date of a note.

**FORECLOSURE:** Enforcing a lender's rights upon the default of an obligation that is secured by a deed of trust. A deed of trust must contain a power of sale clause to enable the trustee to initiate a non-judicial foreclosure.

**FULL RECONVEYANCE:** A document prepared by the trustee or substituted trustee, when the obligation secured by the deed of trust is paid in full. When recorded, the reconveyance takes the deed of trust off record.

**NOTICE OF DEFAULT:** A written document that is recorded, published, and posted given notice of public record that a borrower has failed to perform his or her obligation under the terms of the promissory note. This document is recorded.

**NOTICE OF TRUSTEE'S SALE:** A document that is recorded, published, posted, and mailed and sets forth the date, time, and location of the trustee's sale.

**POSTPONEMENT:** A verbal announcement made at the time and location of a trustee's sale, extending the sale to a future date.

**PUBLICATION PHASE:** The period of time beginning after the third month starting on the date that the Notice of Default records. This period ends with the trustee's sale being conducted. The trustee sees that the document is recorded, published and mailed in accordance with the requirements of the civil code.

**RECISSION OF NOTICE OF DEFAULT:** After the default has been brought current or by the request of the beneficiary, this document when signed by the lender and recorded by the trustee, will remove the Notice of Default from record.

**REINSTATEMENT PERIOD:** The time period between the time that the Notice of Default records and ends 5 business days before the trustee's sale. The lender must allow reinstatement during this period of time. A lender may elect to allow reinstatement after the 5-day period ends, but before the trustee's sale.

**SUBSTITUTION OF TRUSTEE:** A document signed by the lender and recorded by the trustee whereby the beneficiary appoints a successor trustee to the trustee of record.

**TRUSTEE:** The party who holds title to real property in trust for the benefit of another. The trustee's most common functions are to process a full (when a loan is paid off) or partial (when a portion of the property is being released) reconveyance and to process a trustee's sale.

**TRUSTOR:** The borrower or owner at the time the deed of trust is created.

**TRUSTEE'S DEED UPON SALE:** A document signed and recorded by the trustee that transfers ownership of the real property to the purchaser at a trustee's sale.

**TRUSTEE'S SALE:** A public auction sale of a property described in a Notice of Trustee's Sale, which property was given as security for the repayment of an obligation.