Sam's Economics

The foreclosure hallway: which door are you at?

A one-sitting guide to the foreclosure timeline in the United States: the six doors, the two federal deadlines, the worked example from the video, what to say on the call, and a worksheet for your own dates.

TWO NUMBERS THAT MATTER MOST

Day 120 · 37 days

A servicer generally can't make the first foreclosure filing until you are more than 120 days behind. A complete loss mitigation application received more than 37 days before a scheduled sale generally stops the sale while it is reviewed.

1. The six doors

DOOR	WHEN (TYPICAL)	WHAT HAPPENS	WHAT'S STILL POSSIBLE
1. Missed payment	Day 0–30	About 15-day grace period, then a late fee (often about 5%). At 30 days late it usually reaches your credit report.	Easiest fix: a short repayment plan.
2. Demand letter	About day 60–90	Written notice that you are in default, usually about 30 days to cure.	Repayment plan, forbearance, loan modification.
3. Federal window	Until day 120	Regulation X: generally no first foreclosure filing or notice until you are more than 120 days behind.	Your best time to send a complete loss mitigation application.
4. Foreclosure starts	After day 120	Notice of default or court filing. Judicial states usually slower, non-judicial states can reach a sale in months.	Forbearance, modification, short sale, deed in lieu.

5. Notice of sale	Varies by state	Auction date set and usually published. Reinstatement rights may end before the sale or shrink to days.	Only if more than 37 days before the sale does a complete application stop it. Short sale or deed in lieu sometimes still possible.
6. After the sale	Some states	A redemption period may let you buy the home back for the full amount owed plus costs.	A bankruptcy filing triggers an automatic stay; Chapter 13 lets you catch up over several years. Attorney needed.

> **The 37-day rule (12 CFR 1024.41).** If your servicer receives a **complete** loss mitigation application more than 37 days before a foreclosure sale, it generally can't move for judgment or hold the sale while it evaluates you, and it must decide within 30 days. "Complete" means every document requested. Applications 45 days or more before a sale must be acknowledged in writing within 5 business days, saying whether anything is missing.

2. The worked example: Derek and Naomi

Same $1,600 monthly payment, same month missed. Late fee 5% ($80) after a 15-day grace period. Foreclosure legal costs are extra and not included.

	DEREK	NAOMI
Called the servicer on	Same week (inside the grace period)	Day 165
Missed payments	1 = $1,600	6 = $9,600
Late fees	0	6 × $80 = $480
Amount behind	**$1,600**	**$10,080** + foreclosure costs
Door	1	5 (sale in 21 days)
37-day protection	Not needed	Already passed
Outcome	Repayment plan: +$400 on 4 payments	Options narrowed

3. What to say when you call

1. Ask for the **loss mitigation department** by name, not collections.
2. Say: *"I'm behind on my mortgage, and I want to understand my loss mitigation options."*
3. Have your loan number ready.
4. Ask: *"What date does my file move to the next stage if nothing changes?"*

5. Ask: *"Which documents make my application complete?"* Send them all and keep proof (date, method, copies).
6. Get every promise in writing.

Free help. A housing counselor approved by the U.S. Department of Housing and Urban Development (HUD) can review your options at no cost.

Scam warning. Never pay an upfront fee to someone who offers to "save your home", never sign over your deed, and never send mortgage payments to anyone but your servicer.

4. Your worksheet

ITEM	MY ANSWER
Date of my first missed payment / days since	
Monthly payment × missed payments	
Late fees so far (my loan's fee and grace period)	
Date I pass day 120	
Letters received (demand letter, notice of default, notice of sale) and dates	
Sale date, if any / the date 37 days before it	
Documents requested for a complete application	
Date sent and proof	
My state: judicial or non-judicial; reinstatement and redemption rules	
Housing counselor / attorney contacted	

5. Checklist

- [ ] I called loss mitigation the week I missed a payment.
- [ ] I know my day 120 and, if there is a sale, the date 37 days before it.
- [ ] I sent a complete application and kept proof.
- [ ] Every promise is in writing.
- [ ] I paid no upfront fee to anyone promising to save my home.

Assumptions

Worked example: $1,600 monthly payment, 5% late fee after a 15-day grace period, one payment due every 30 days, foreclosure legal costs excluded. Timelines, notices and reinstatement and redemption rights vary by state, loan type and investor. Use your own numbers in the free calculator at aitaconsultinginternational.com/foreclosure-timeline-calculator/.

General information, not legal or financial advice. If a sale is close, speak with a foreclosure or bankruptcy attorney or a HUD-approved housing counselor now. Sources: 12 CFR 1024.41 (Regulation X loss mitigation procedures: 120-day rule, 37-day rule, 45-day acknowledgment, 30-day evaluation); U.S. Bankruptcy Code automatic stay, 11 U.S.C. § 362. Sam's Economics.