FORECLOSURE TIMELINE

Foreclosure Process Starts

30 days after debtor misses a mortgage payment

Month 1

At least six calls and two letters to debtor seeking to cure default status

Month 2

At least six calls and three letters to debtor

Notice of default sent pursuant to TPC 51.002

Month 3

At least eight calls and two letters to debtor to cure default

Month 4

Foreclosure referral to law firm

Fair Debt Collection Practices Act (FDCP) letter sent to debtor

During foreclosure process, mortgage servicer attempts to cure default by various loss mitigation alternatives and foreclosure sale date is postponed if cure is viable

Month 5

TRCP 736 application filed

Debtor is served with the application

Month 6

Debtor's response is due 38 days after service of process

Month 7

Hearing held if a response is filed; otherwise, default order granted

Month 8

Notice of foreclosure sale date sent to the debtor

Posting notice filed with clerk

140,069

42,981

51,701

Month 9 and 10

Foreclosure sale - first Tuesday of the month

Texas Office of Court Administration: 625,961 cases pending as of December 31, 2008

Texas Loans Serviced Texas Loans in Foreclosure 3.105.746 Total **Texas Prime Loans** 2,017,919 **Texas Subprime Loans** 369,560

Source: MBA National Delinquency Report 3/31/2009

Most mortgages are 5 months delinquent before file is referred for foreclosure

69 % of all borrowers fail to contact the mortgage servicer prior to the foreclosure sale

Most mortgages are 10 months delinquent before the foreclosure sale

Investor Collection and Default Curative Requirements

Fannie Mae	Freddie Mac	HUD
Phone Calls Begin telephone contact with debtor between the 17th and 20th day of delinquency (earlier contact for habitual delinquents between 2nd and 10th day of delinquency)	Phone Calls Begin telephone contact with debtor between the 5th and 15th day of delinquency (earlier contact may be required if alternative arrangements have been made)	Phone Calls Begin telephone contact with debtor between the 7th and 10th day of delinquency (earlier contact may be required if alternative arrangements have been made)
Late Payment Notices Sent by the 16 th day after it is due (some niche products require earlier notification)	Late Payment Notices Sent by the 16 th day after it is due (some niche products require earlier notification)	Late Payment Notices Sent by the 16th day after it is due
<u>Letters</u> Loss mitigation solicitation letter sent no later than the 50 th day of delinquency	Letters Must offer counseling no later than the 30 th day of delinquency and continue to offer loss mitigation alternatives	Letters Must offer counseling no later than the 30 th day of delinquency and continue to offer loss mitigation alternatives
Initiation of Foreclosure Must be at least three monthly installments delinquent; must send debtor a demand letter at least 30 days before foreclosure proceedings begin; refer loan to attorney to begin foreclosure proceedings by the 45 th day after demand letter is sent; foreclosure proceedings begin by the 120 th day of delinquency, unless actively engaged in loss mitigation	Initiation of Foreclosure Must be at least three monthly installments delinquent; must send debtor a demand letter no earlier than the 90 th day of delinquency; refer loan to attorney to begin foreclosure proceedings by the 120 th day after demand letter is sent, unless actively engaged in loss mitigation	Initiation of Foreclosure Must be at least three monthly installments delinquent; must send debtor a demand letter no earlier than the 90 th day of delinquency; refer loan to attorney to begin foreclosure proceedings withir six month from the date of default, unless actively engaged in loss mitigation
Loss Mitigation Must be conducted at all stages of delinquency and until a foreclosure is completed	Loss Mitigation Must be conducted at all stages of delinquency and until a foreclosure is completed	Loss Mitigation Must be conducted at all stages of delinquency and until a foreclosure is completed