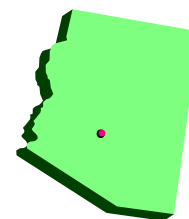


ARIZONA



Foreclosure in a Nutshell

Judicial	Non-Judicial	Process Period (Days)	Sale Publication (Days)	Redemption Period (Days)	Sale/NTS
•	•	102	41	None	Trustee

Comments: Judicial Foreclosures are not common

Both court and out-of-court foreclosures occur in Arizona. The typical timeline for an out-of-court foreclosure is about four months.

Pre-foreclosure Period

Court foreclosures begin when the lender files for foreclosure in court and records a notice of the pending lawsuit (*Lis Pendens*). The court filing includes the debt and default amount. The borrower and any junior lien holders are notified either in person or by publication. If the borrower does not respond to the court action, the court can rule against them and set the amount owed to the lender. The county clerk then directs the county sheriff to conduct a sale of the property to recover the amount owed.

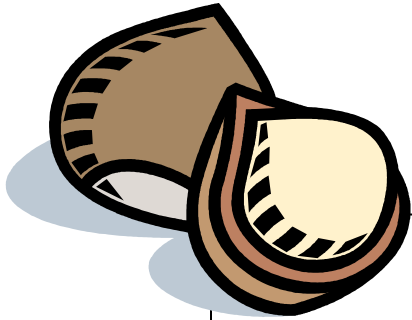
An out-of-court foreclosure sale may occur if a clause in the trust deed permits the lender to sell the property if a borrower defaults. To start the foreclosure, the trustee records a notice of sale, and the sale occurs at least three months after the notice is recorded. Until 5:00 p.m. the day before the sale, the borrower or any junior lien holders may stop the foreclosure by paying the default amount, fees, and costs.

For court foreclosures, the sheriff conducts the sheriff's sale about 45 days after the county clerk directs the sale. It is a public auction, and anyone may bid. The bid price must be paid to the sheriff by 5:00 p.m. the day after the sheriff's sale. After the sale, a certificate of sale is issued. If the property is not abandoned, the redemption period is six months from the sale date. If the borrower does not redeem, any secondary lenders may do so within a specified time. To redeem the property, the total amount owed plus fees and costs must be paid. If no one redeems the property, the sheriff transfers ownership to the winning bidder.

For out-of-court trustee sales, the notice of sale contains a property description, and the date, time and place of the sale. The notice is recorded, and the trustee mails the notice to all affected parties at least three months before the sale date. The notice appears in a local

newspaper once a week for four weeks, with the last notice published no less than 10 days before the sale date. At least 20 days before the sale, the notice is posted on the property and the county courthouse. Starting the day before the sale and up to the sale, the trustee must provide the opening bid of the sale to anyone who asks or the sale may have to be postponed.

The trustee or the trustee's agent conducts the sale at the property, the courthouse, or the trustee's office. All bidders must provide a refundable \$1,000 deposit in order to bid; the trustee keeps the deposit of the winning bidder. The sale can be postponed up to 90 days by announcement at the originally scheduled sale. The winning bidder has until 5:00 p.m. the next day to pay the full bid price, after which the trustee transfer ownership of the property within seven days. The proceeds of the sale are paid to the primary lender, then to any secondary lenders. There is no right of redemption for the borrower after an out-of-court foreclosure sale.



Resources

a. Arizona Housing Finance Authority:

<http://www.housingaz.com>

b. Arizona State Foreclosure Task Force:

<http://www.azforeclosureprevention.org>

c. HUD:

[http://www.hud.gov/offices/pih/pha/
contacts/states/az.cfm](http://www.hud.gov/offices/pih/pha/contacts/states/az.cfm)