



Foreclosed? You may still owe your second mortgage.

If you lost your home to foreclosure in California, you may still owe your second (and other) mortgages.

California is a "non-recourse" state, meaning that mortgages taken for the purpose of buying a home do not remain personal debts of the borrower after a foreclosure that doesn't fully pay those mortgages. But other loans that placed mortgages on that property, obtained for reasons other than the original purchase, do remain the personal debt of the borrower. The lender(s) may sue to collect the amounts remaining on those additional home loans, including money taken from home equity lines of credit (HELOC). This can be a very unpleasant surprise to people who have just lost their homes to foreclosure.

The good news, if any of this can be considered "good", is that personal debt remaining on home loans after a foreclosure may be discharged (eliminated) in bankruptcy just like other unsecured debt.

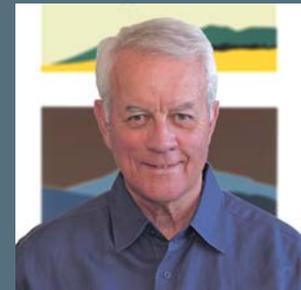
A San Francisco Chronicle article titled Homes lost, but some 2nd-mortgage debts remain, quotes Margot Saunders, attorney with the National Consumer Law Center:

"People with a second mortgage who are facing foreclosure should go to bankruptcy to get rid of the unsecured second-mortgage note," she said. "They should do it as soon as they're foreclosed upon, because that's when they're at rock-bottom, not when they've started to rebuild (their finances)."

[Click here](#) for that San Francisco Chronicle article.

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