

Short Sale: Understand the Consequences

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[Short sales](#) are a great way for homeowners struggling to pay their [mortgage loan](#) to get out from under the [debt](#). As a result, many homeowners are entering into short sales without considering the consequences. While a short sale can be beneficial in avoiding foreclosure, it doesn't come without some downside.

Laws vary by state, but many states will allow the mortgage lender to pursue collection of the deficiency balance remaining after the sale. Since a short sale is a process by which the homeowner sells the home for less than what is owed on the mortgage loan, there is always an amount left due and owing to the lender. Thus, if you live in a state that allows the lender to pursue collection of this deficiency balance, it is critical that you negotiate a waiver of a portion or this entire amount prior to the sale.

One way to avoid a deficiency judgment is to do the short sale through the Home Affordable Foreclosure Alternatives program (HAFSA). Lenders who approve short sales through this federal program are required to release the borrower from a potential deficiency judgment. However, lenders are not obligated to approve HAFSA short sales.

If you are considering a short sale of your home, you should consult with an attorney experienced in handling short sales. Being aware of the consequences prior to the sale may help you avoid some of the downside to a short sale.

If you would like a down-to-earth approach and a lawyer who will listen carefully to all your questions and concern, call [The Dodds Law Firm, PLC](#) at [623-209-8923](tel:623-209-8923). Dan Dodds serves clients primarily in the areas of Chapter 7 and Chapter 13 bankruptcies, real estate issues, violations of the Fair Debt Collection Practices Act, and issues of Unfair or Deceptive Business Practices. Mr. Dodds and his staff know how to listen carefully, and how to explain the law and procedures involved in a legal matter, as well as your rights and options, so that you can make informed choices. If you live in the area of Surprise, Arizona, call The Dodds Law Firm, PLC.