

The Difference Between A Short Sale And Deed In Lieu

When you face foreclosure in New York, your home may not be the only thing in danger. When you cannot save your home, there are ways to mitigate the foreclosure's effect on your assets, your credit score and your ability to purchase a home in the future.

At the Law Offices of Phil W. Felice PC, we have a variety of tools at our disposal to help you recover from this difficult time. Two common ways of resolving your foreclosure are a short sale and a deed in lieu of foreclosure.

What Is A Short Sale?

A short sale involves selling your home for less than you owe, and reaching an agreement with your bank or lender to settle your debts for that lower amount. When you perform a short sale, you are often left with a substantial deficiency — the difference between the sale of your home and what you owe on your mortgage. To avoid having to pay this deficiency, you must ensure your short sale agreement satisfies the entirety of your debt.

Short sales relieve you of your financial obligations, but they may negatively impact your credit score — though not as badly as a foreclosure would. After a short sale, you would typically be able to purchase another home in two to four years, which is less than the five to seven year wait after a foreclosure.

What Is A Deed In Lieu Of Foreclosure?

A deed in lieu of foreclosure is another agreement you make with your lender. In this case, you transfer ownership of your home to the lender to satisfy your debts and end the foreclosure process. A deed in lieu may also leave a deficiency, as described above, so be sure your agreement clarifies that the transfer satisfies all your debt.

Which Is Best For You?

At your free initial consultation, we can determine the benefits of a short sale vs. a deed in lieu of foreclosure for your case, and negotiate the terms and submit all paperwork with your lender. An experienced lawyer can expedite the process and ensure your interests are protected.

To get started on your case with attorney Phil Felice, call 631-893-3900 or contact us online. It's never too late to protect your assets and begin rebuilding your life.