

## What is a deed in lieu of foreclosure?

With a deed in lieu of foreclosure, you give your home to the lender (the "deed"), and in exchange, the lender cancels the loan rather than foreclosing on the property. In most states, a lender is allowed to sue you to recover any remaining deficiency—the difference between what the lender can sell the house for and what you owed on the mortgage. Before you agree to a deed in lieu of foreclosure, make sure that the lender agrees, in writing, to forgive any deficiency that exists. Deeds in lieu of foreclosure are not possible if there is a second mortgage, unless the same lender owns both loans.

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