Published based on What happens to the first and second mortgages if there is a deficit in a "short sale"?

What happens to the first and second mortgages if there is a deficit in a "short sale"?

All short sales create a deficit - by definition they sell for less than the mortgage balance. As the first mortgage is superior, the second mortgage would bear the full brunt of the shortfall until exhausted. So that makes the potential for the 2nd mortgage holder accepting a short sale far more difficult unless the amount of the loss is reasonable.

However, even in a foreclosure, the second mortgage is fully exposed to the loss first so it all depends on how reasonable the holder of the second mortgage wishes to be. If you have an actual purchase a a specific price, the 2nd mortgage can at least determine the loss and compare it to what would be expected to be realized, if anything, from a foreclosure, offsetting the expenses and time delay of the foreclosure.

You can also find this article published on What happens to the first and second mortgages if there is a deficit in a "short sale"?, and on the tag pages actual purchase, first mortgage, fully exposed, mortgage balance, mortgage holder, second mortgage, Second Mortgages, short sale, time delay, what happens to the first and second mortgages if there is a deficit in a quotshort salequot.