

## **I. Short Sale Option**

### **A. Negatives**

1. **Negotiations and lender responses can be slow**
2. **Uncertain result – requires negotiation**
3. **Expensive to have a lawyer involved**
4. **Tends to be over emphasized by:**
  - a) *Realtors to gain a commission*
  - b) *Generally because it's the latest craze*
5. **Allows opportunity for a deficiency where none would exist in a foreclosure**
6. **Generally results in borrower losing possession and any rental income sooner than foreclosure**
7. **May impose liability for failure to disclosure defects**
8. **Lender's risk of unknown liens**

### **B. Positives**

1. **Psychological benefit of getting agreement between borrower and lenders (Seems like the responsible thing to do)**
2. **Provides an opportunity to negotiate a discounted deficiency in the case of second or third mortgages**
3. **Gets the property back in the economy sooner**

## **II. Involuntary Foreclosure Option**

### **A. Negatives**

1. **Time consuming and stressful**
2. **More negative credit impact?**

**B. Positives**

1. Easy, inexpensive - only the cost of monitoring
2. Certain results - no need to negotiate
3. No deficiency on a first mortgage or foreclosing lender

**III. Voluntary Foreclosure Option - Minn. Stat. §582.32**

- A. Faster redemption period (2 months instead of 6 months)
- B. No deficiency
- C. Psychological benefit of getting agreement between borrower and lenders

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