

INVESTORS BEWARE

The Arizona Revised Statute below indicates that there may be no ability for a lender after a foreclosure to pursue a borrower personally for the difference between what was owned on the property and what the lender received from the sale of the property.

A.R.S. 33-730 - Limitation on deficiency judgment on mortgage or deed of trust as collateral for consumer goods

A. If both a security agreement and a mortgage or deed of trust have been given to secure payment of the balance of the purchase price of real property and consumer goods or services or the balance of the combined purchase price of such real property and consumer goods or services, no deficiency shall lie thereunder if no deficiency would lie under the mortgage or deed of trust given under such transaction, notwithstanding any agreement to the contrary.

B. For the purposes of this section, consumer goods and services are goods and services used or acquired for use primarily for personal, family or household purposes.

<http://www.azleg.gov/ars/33/00730.htm>

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Ask your attorney this question:

If there is a foreclosure for \$300,000 and the lender only received \$200,000 from the sale of the property, can the \$100,000 loss become a collection issue for the owner? The answer may be NO.

Then ask

If there is a foreclosure for \$300,000 and the lender only received \$200,000 from the sale of the property, can the \$100,000 loss become a collection issue for the owner if the owner was an investor? The answer may be YES based on paragraph B of the law

With this in mind investors or “flippers” who walked away from properties may be hearing from collection agencies some time in the future for the difference.