



Anti-Deficiency Law

There are two methods a lender may use to foreclose on a property in Arizona. The borrower's rights and protections under the Anti-deficiency law will depend on which of the two methods the lender, in the lender's sole discretion, chooses to utilize for the foreclosure. Please note that the anti-deficiency law only applies if a trustee sale or judicial foreclosure actually occurs. The law does not apply to a short sale or a deed in lieu of foreclosure transaction.

TRUSTEE SALE PROCESS	JUDICIAL FORECLOSURE PROCESS AN ACTUAL LAWSUIT
1. Deed of Trust only	1. Any encumbrance on real property, including a Deed of Trust.
1. Does the mortgage or deed of trust secure property that is located on two and one-half acres or less? 2. Is the property a single one-family or a single two-family dwelling actually used as a residence by someone (including rental property)?	1. Does the mortgage or deed of trust secure property that is located on two and one-half acres or less? 2. Is the property a single one-family or a single two-family dwelling actually used as a residence by someone (including rental property)? 3. Is the loan secured by the mortgage or deed of trust a "purchase money" loan?
If the answer to each the above is yes, then the lender can not sue the borrower for any additional funds.	If the answer to each the above is yes, then the lender can not sue the borrower for any additional funds.