

WHAT IF THE VALUE OF THE PROPERTY IS LESS THAN THE AMOUNT YOU OWE?

Where the value of the property is less than the mortgage amount, REALTORS® can help explain to the lender why it makes sense to let the homeowner sell the property for the best price and then forgive the remainder of the debt.

- Unfortunately, the amount of debt the lender cancels is treated as income when you file your tax return.
- REALTORS® and the Center for Responsible Lending are working for enactment of pending legislation so homeowners aren't stuck with a tax bill they can't afford to pay.
- Some lenders may require you to sign a promissory note for the difference between the value of the home and the amount owed. Before you sign any documents, please seek the advice of a housing counselor or lawyer.