Gracefully Exiting Your Loan

Last Modified on 07/31/2026 3:40 pm EDT

If you foresee there isn't a financially feasible way to keep your home, here are more options for you to avoid the foreclosure process.

Traditional Sale:

- Work with a real estate agent to sell your home for an amount that generates proceeds sufficient to pay off your mortgage in full.
- Best option for those with equity in their home.

Short Sale:

- Selling your home for an amount that generates proceeds insufficient to pay off your mortgage in full.
- An agreement where the investor may accept sale proceeds less than the total amount owed on the loan. Once a short sale is completed, the loan will be released.
- Short sales can help you leave your home and may have a smaller credit impact than a foreclosure.
- Cancellation of debt may have tax consequences. Please consult a tax advisor to discuss potential tax consequences.
- In some circumstances, you may be responsible for the difference between the sale proceeds and the total amounts owed on your loan.
- Preferred option for those who have little or no equity in their home.

Deed In Lieu (DIL):

- An agreement with your investor where you will agree to transfer ownership of your home to your investor, the remaining balance is discharged, and the lien is released.
- If you're unable to qualify or complete one of the options above, you can be considered for this option without having a foreclosure on your record.
- You may be able to obtain funds to help relocate to another living arrangement.
- While this protects you from formal foreclosure, it will impact your credit.