

What is Deficiency Litigation?

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After a lender forecloses a lien on a real property, oftentimes there will be a “**deficiency.**” If the proceeds of the sale are insufficient to satisfy the outstanding debt on the property, “deficiency” refers to the amount of debt remaining for which the borrower may still be personally liable. The amount of the deficiency is generally the difference between the proceeds paid to the lender (creditor) and the remaining amount of the debt.

Arizona law provides protection for borrowers against deficiency judgments in certain circumstances. Typically, loans used to refinance purchase money loans are also considered purchase money loans, although the use of some of the proceeds to pay other debts or obtain cash out may expose the borrower to recourse liability.

Interpretation of the Arizona anti-deficiency statutes and related real estate laws can be very complicated, so borrowers are advised to seek the assistance of an experienced Arizona attorney.

If you would like more information about deficiency litigation, creditor’s rights, or need assistance from an attorney, **contact [Windtberg & Zdancewicz](#) to schedule an initial consultation.**

The attorneys at [Windtberg & Zdancewicz, PLC](#), provide Arizona residents and businesses with experienced legal representation in all collection matters. We are experienced in creditor's rights including garnishments, charging orders, attachment, property execution, trustee's sales, foreclosures, judgments, judgment collection, domestication of foreign judgments, and creditor's issues in bankruptcy cases. If you need assistance with your collection matters, please contact us at [\(480\) 584-5660](tel:4805845660).