

# Consumer protection- discussion post 5

Law



Consumer Protection- Discussion Post 5 Consumer Protection- Discussion Post 5 A mortgage and a deed of trust work in an almost similar manner. Both mortgage and deed of trust are loans taken to secure a home. The property to be acquired is used as the lien or collateral for the loan. The differences between a mortgage and a deed of trust occur on two major areas. One, the number of parties involved in the two cases is different, and the other is what happens in the case of default. A deed of trust involves three parties (Epstein, 2014). There are the borrower, lender and trustee. The borrower is the one taking the loan. The lender is the one giving out the loan while the trustee holds the title to the home until the loan is repaid, which is later transferred to the borrower. On the other hand, a mortgage has two parties, which include the borrower and the lender.

In an instance where the borrower is unable to pay, in mortgage the foreclosure and sale of the property have to use the judicial process (Vobecká, Kostelecký, & Lux, 2014). The lender files the lawsuit. In a deed of trust, however, in case the borrower fails to pay, the home can be auctioned. This method does not use the courts, and the trustee is the one who auctions the home (Super, 2013). The deed of trust is more efficient and faster since it does not involve a judicial process. Different states have different laws on deeds of trust, and thus one may need to review such rules before deciding on which to use.

#### References

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