



Short Sale vs. Foreclosure

Credit Score

Successful Short Sale

A Short Sales effect can be as brief as **12 to 18** months. Only late payments on the mortgage will show. This can lower the score as little as **50** points

Foreclosure

A foreclosure may affect your credit score for over **3** years and can lower your score between **200 to 400** points

Credit History

Successful Short Sale

A Short Sale **MAY NOT** be reported on a person's credit history

Foreclosure

A Foreclosure will stay on a person's credit history for **7** years or more

Future Employment

Successful Short Sale

A short sale is **not reported** on a credit report and therefore should not be a challenge to employment

Foreclosure

Most employers require a **credit check** on all job applicants. Foreclosures are one of the most detrimental credit items for your credit report.

Fannie Mae

Successful Short Sale

The homeowner may be eligible for a Fannie Mae-backed mortgage after **2** years

Foreclosure

The homeowner is not eligible for a Fannie Mae- backed mortgage for at least **5** years

Conventional (late on payments)

Successful Short Sale

The homeowner may be eligible for a Fannie Mae-backed loan after **2** years

Foreclosure

The homeowner may not be eligible for a Fannie Mae-backed loan for **5** years

Conventional (current)

Successful Short Sale

There is **NO WAIT** for a Freddie-or Fannie-backed loan if current on all obligations, including installment debt

Foreclosure

Future rates may be affected if you have been foreclosed on in the past **7** years

Deficiency Judgment

Successful Short Sale

In some successful short sales it is possible to convince the lender to give up their right to pursue a deficiency judgment against the homeowner

Foreclosure

In **100%** of Foreclosures (except in states where there is no deficiency protection in the law) the bank has the the right to pursue a deficiency judgment

FHA (late on payments)

Successful Short Sale

3 years from the date the FHA insurance is paid by the lender (not the date of the Short Sale closing) before a borrower **may** be eligible for another FHA loan

Foreclosure

The homeowner is not eligible for a Fannie Mae-backed mortgage for **5** years

FHA (current)

Successful Short Sale

There is **NO WAIT** for a Freddie – or Fannie-backed loan if current on all obligations, including installment debt

Foreclosure

The homeowner is not eligible for a Fannie Mae-backed mortgage for **5** years

VA (late on payments)

Successful Short Sale

The homeowner may be eligible for a Fannie Mae-backed loan after **2** years

Foreclosure

The homeowner may not be eligible for a Fannie Mae-backed loan for **2** years

VA (current)

Successful Short Sale

The homeowner may be eligible for a Fannie Mae-backed loan after **2** years

Foreclosure

The homeowner may not be eligible for a Fannie Mae-backed loan for **2** years