

SHORT SALE VS. FORECLOSURE

PROVIDED BY COMMUNITY TITLE



Successful Short Sale

Foreclosure

Credit Score

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.

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

Credit History

A short sale **MAY NOT** be reported on a person's credit history.

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

Future Employment

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

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

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

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

Conventional (late on payments)

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

The homeowner may be eligible for a Fannie Mae backed loan after **5** years

Conventional (current)

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

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

Deficiency Judgment

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

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

FHA (current)

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

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

VA (late on payments)

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

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

VA (current)

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

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

