

ADVANTAGES OF SHORT SALES

Short Sale vs. Foreclosure

Issue	Foreclosure	Successful Short Sale
Future Fannie Mae Loan for a Primary Residence	A homeowner who loses a home to foreclosure is ineligible for a Fannie Mae backed mortgage for a period of 5 years .	A homeowner who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed mortgage after only 2 years .
Future Fannie Mae Loan for a Non Primary Residence	An investor who allows a property to go to foreclosure is ineligible for a Fannie Mae backed investment mortgage for a period of 7 years .	An investor who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed investment mortgage after only 2 years .
Future Loan with any Mortgage Company	On any future 1003 application, a perspective borrower will have to answer yes to question C in Section VIII which asks "Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?"	There is no similar declaration or question regarding a short sale.
Credit Score	Although determined on a case by case basis, it is estimated that one's credit score may be lowered anywhere from 250 to 300 points and will typically affect the score for over 3 years .	Only late payments on the mortgage will show and after sale mortgage will be reported as paid or negotiated. Although determined on a case by case basis, it is estimated that one's credit score may be lowered as little as 50 points if all other payments are made and will typically affect the score for no more than 18 months .
Current Employment	Employers have the right to regularly check the credit of all employees in sensitive positions. As such, a foreclosure may be grounds for reassignment or termination.	A short sale is not reported on a credit report and should not be a challenge to employment.
Future Employment	Employers may require credit checks on job applicants.	A short sale is not reported on a credit report and should not be a challenge to employment.