



Short-Sale vs. Foreclosure

Issues	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 will affect your credit score for over 3 years and can lower that score between 250 to 300 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 10 years or more
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 those states where there is no deficiency protection in the law) the bank has the right to pursue a deficiency judgment
Future Employment	A Short Sale is not to be reported on a credit report and therefore should not be a challenge to employment ²	Most employers require a credit check on all job applicants. Foreclosures are one of the most detrimental credit items for your credit report. This could affect employment

Type of Loan	Successful Short Sale	Foreclosure
Fannie Mae ¹	The homeowner will be eligible for a Fannie Mae-backed mortgage after 2 years	The homeowner is not eligible for a Fannie Mae-backed loan for 5 years
FHA (late on payments)	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 loan for 5 years
FHA (current)	There is NO WAIT for Freddie- or Fannie- backed loans if current on all obligations, including installment debt	The homeowner is not eligible for a Fannie Mae-backed loan for 5 years
VA (late payments)	The homeowner will be eligible for a Fannie Mae-backed loan after 3 years	The homeowner is not eligible for a Fannie Mae-backed loan for 5 years
VA (current)	The homeowner will be eligible for a Fannie Mae-backed loan after 3 years	The homeowner is not eligible for a Fannie Mae-backed loan for 5 years
Conventional (late payments)	The homeowner will be eligible for a Fannie Mae-backed loan after 2 years	The homeowner is not eligible for a Fannie Mae-backed loan for 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 on in the past 7 years