

Short Sale vs. Foreclosure



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 years.	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.

The information contained herein is obtained from outside parties and Capital Title makes no claim as to its accuracy.