

Issue	Foreclosure	Successful Short Sale
<b>Future Fannie Mae Loan – Primary Residence (Effective May 21, 2008)</b>	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.
<b>Future Fannie Mae Loan – Non Primary Residence (Effective May 21, 2008)</b>	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.
<b>Future Loan with any Mortgage Company</b>	On any future 1003 Application (Standard Loan Application), a prospective borrower will have to answer YES to question C, in Section VIII, that asks, "Have you had property foreclosed upon, or given title or deed in lieu thereof?" This will affect all future rates.	There is no similar declaration, or question regarding a short sale.
<b>Credit Score</b>	Score may be lowered anywhere from 150 to over 300 points. Typically, this will affect score for over 3 years.	Only late payments on mortgage will show, and after sale, mortgage will be reported as paid or negotiated. This will lower the score as little as 50 points, if all other payments are being made. A short sale's effect can be as brief as 12 to 18 months.
<b>Credit History</b>	Foreclosure will remain as a public record on a person's credit history for 10 years or more.	A short sale is not reported on a credit history. There is no specific reporting item for "short sale." The loan is typically reported as "Paid in full, settled."
<b>Security Clearances</b>	Foreclosure is the most challenging issue against a security clearance, outside of a conviction for a serious misdemeanor or felony. If a client has a foreclosure, and is a police officer, in the military, a government employee, a security officer, or any position that requires a security clearance, in almost all cases, clearance will be revoked and position will be terminated.	A short sale, on its own, does not challenge most security clearances.
<b>Current Employment</b>	Employers have the right, and are actively and regularly checking the credit of all employees who are in sensitive positions. A foreclosure, in many cases, is grounds for immediate reassignment or termination.	A short sale is not reported on a credit report, and is, therefore, not a challenge to employment.
<b>Future Employment</b>	Many employers are requiring credit checks on all job applicants. A foreclosure is one of the most detrimental credit items an applicant can have, and, in most cases, will challenge employment.	A short sale is not reported on a credit report, and is, therefore, not a challenge to employment.
<b>Deficiency Judgment</b>	In 100% of foreclosures (except in those states where there is no deficiency) the bank has the right to pursue a deficiency judgment.	In some successful short sales, it is possible to convince the lender to give up the right to pursue a deficiency judgment against the homeowner.
<b>Deficiency Judgment Amount</b>	In a foreclosure, the home will have to go through an REO process if it does not sell at auction. In most cases, this will result in a lower sales price, and a longer time to sell in, a declining market. This will result in a higher possible deficiency judgment.	In a properly managed short sale, the home is sold at a price that should be close to market value, and, in almost all cases, will be better than an REO sale, resulting in a lower deficiency amount.