



California Short Sale Solutions

Questions? Call toll-free: 1-800-557-4988

Short Sale vs. Foreclosure

Issue

Short Sale

Foreclosure

Purchasing a new home with a Fannie Mae backed loan

An individual can be eligible for a Fannie Mae backed loan after two years.

Per Fannie Mae; an individual that forecloses must wait 5 – 7 years and maintain at least a 680 FICO score in the sixth and seventh year and pay a minimum 10% down on future home purchase.

Receiving a loan with any mortgage company

There are no application questions regarding a past short sale.

A 1003 application asks if an individual has had a foreclosure or deed-in-lieu in the past seven years, which will affect rates.

Credit score and history

Short sales may still show up on a credit report as a “pre-foreclosure in redemption” status and can result in a credit score reduction of 100 points or less.

A foreclosure may lower a credit score anywhere from 250 to over 300 points. Per Fannie Mae; an individual that forecloses must wait 5 – 7 years and maintain at least a 680 FICO score in the sixth and seventh year and pay a minimum 10% down on future home purchase.

Employment

A short sale has much less impact on employment, if any at all.

Many employers require a credit check on new applicants. A foreclosure can have a detrimental effect on an individual getting a job.

Deficiency Judgment

A short sale is negotiated for a no-deficiency judgment

In states allowed, the bank has a right to pursue a deficiency judgment. A judgment can freeze your assets and bank account