

YOUR FUTURE AT STAKE!

FORECLOSURE vs. SHORT SALE

How Do They Affect My Life?	FORECLOSURE	SHORT SALE
When Can I Buy Another Home?	When you lose your property to foreclosure, you are ineligible for a Fannie Mae backed mortgage for a period of 5 years . (Effective May 21, 2008 visit FannieMae.gov)	Short sale your home and you will be eligible for a Fannie Mae backed mortgage after only 2 years . (Effective May 21, 2008 visit FannieMae.gov)
When Can I Buy Another Vacation Home or Investment Property?	Same as above except Fannie Mae won't look at your for another investment loan for 7 years! (Effective May 21, 2008 visit FannieMae.gov)	Same as above in a Short Sale! Fannie Mae will consider you for an investment loan in 2 years .
What about other types of Conventional financing with other mortgage companies?	You will have to answer "YES" to the standard loan application form used by ALL lenders. For example, "Have you had property foreclosed upon, or given title or deed in lieu thereof?" You can BET CASH MONEY IN VEGAS on paying a REALLY high interest rate on your loan...if you get approved!	Since Short Sales are the "New Frontier", there are a lot of opinions...but no definite answers from any of the big lenders (or small ones that we spoke to) that had an answer. We know there will be an impact but the general consensus...it won't be nearly as bad as a foreclosure!
Credit Score	Score may be lowered anywhere from 250 to over 300 points . It will remain on your credit report for 10 years . Typically, the impact to your ability to obtain credit will begin to "soften" after 3 to 4 years with higher interest rates being the "punishment".	Only late payments on the mortgage while the sale is being negotiated will show. The mortgage (or "account") will be reported as paid or settled. If you are still making current payments on all other accounts, this may lower the score as little as 50 points! Still largely unknown .
Credit History	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, satisfaction of debt in full, paid in full for less than owed."
Security Clearances	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 . But in trying to research and determine what future negative impact it may have...you will learn that the government just doesn't like to talk to the public or make guesses!
Current Employment	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 .
Future Employment	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 .
Deficiency Judgment	In 100% of foreclosures the bank has the right to pursue a deficiency judgment in the State of Tennessee .	Experienced Short Sale negotiators ALWAYS go for Full Satisfaction of Debt or Loan Paid In Full....and believe me....you have to fight for it!
Deficiency Judgment Amount	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. Plus legal fees, repairs, evictions, etc....you tend to have a HIGHER AMOUNT you'll end up owing!	Even sold as a Short Sale for a lower "wholesale" price, your deficiency judgment would most probably be less than a foreclosure. Plus...there are tax benefits to proving your "insolvency" . Consult your Accountant!

DISCLAIMER! All information gathered was verified to the best of our ability as of May 1, 2009. You may confirm the majority of this information by contacting your local HUD office or visiting www.HUD.gov, www.FannieMae.gov and contacting all three credit reporting agencies. You may contact any major employer, employment recruiter "head hunter" and confirm the impact against your professional standing...that is general public knowledge! As for Security Clearance, we had a challenge...but you can have fun contacting government agencies. Start with those fabulous folks who protect us from terrorists at the airport....TSA.gov. We're pretty good and trying to learning everything but this world changes every day...so don't worry...we won't feel bad if you want to challenge us on any of this information! We promise nothing is current after May 1, 2009 but if you learn something new and we can verify it ourselves.....PLEASE SHARE! Knowledge is Power that allows for Educated Decisions! virgonsolutions@yahoo.com