

# *Benefit's of Short Sale vs a Foreclosure*

*Information courtesy of Significa Real Estate Solutions*

<b>Issue</b>	<b>Short Sale</b>	<b>Foreclosure</b>
Credit Score	Upon Sale, your mortgage company will Report the short sale as “Paid”, “Settled”, Or “Paid as Negotiated” This will minimally affect your credit score, usually less than 50 points. Late payments are the largest negative impact on your credit score from a short sale	Your Credit score could be lowered 300+ points and will stay on your record for 10 years
Credit History	There is not a reporting item for a short sale. It is not reported on your credit report and cannot negatively affect your employment	A foreclosure will remain on your credit for 10 years and is permanent in the public records of your county
Current Employment	A short sale is not reported on your credit report and cannot negatively affect your employment.	Your employer has the right and many times will actively check your credit if you are in sensitive positions. Sometimes a foreclosure is grounds for immediate re-assignment or termination.
Future Employment	A short sale is not reported on your credit report and cannot negatively affect your employment.	Employers do check your credit history for many job applicants. A foreclosure is the most negative item you can have on your credit and may affect future employment.
Future loan With a Mortgage company	You do not have to declare to future mortgage companies that you previously performed a short sale	On the federally mandated standard loan application form 1003 you will be required to answer 'YES' to the question 'Have you had property foreclosed upon Or given title or deed in lieu thereof in the past 7 years?' Answering affects the interest rate you will receive
Future Fannie Mae Loan Primary Residence	After a successful short sale you can be eligible for a Fannie Mae backed loan after only 2 years	After a foreclosure you will be ineligible for a Fannie Mae backed loan for a minimum of 5 years

<p>Future Fannie Mae-Loan Non Primary</p>	<p>After a successful short sale you can be eligible for a Fannie Mae backed loan after only 2 years on non-primary residences</p>	<p>After a foreclosure you will be ineligible for a Fannie Mae backed investment loan for a minimum of 7 years</p>
<p>Deficiency Judgment</p>	<p>It is typical for the lender to give up the right to pursue a deficiency judgment against the borrower</p>	<p>The bank has the right to pursue the deficiency judgment in all foreclosures (except in States where there is no deficiency)</p>
<p>Deficiency Amount</p>	<p>A short sale home is sold at market value and in most cases is a greater value than a foreclosure sale which results in a lower deficiency, which is typically forgiven.</p>	<p>If the home does not sell at a foreclosure auction it will have to go through the bank REO system. This will result in a longer time to sell and potentially a higher deficiency judgment for the homeowner</p>

**Call Lorraine Zito, Short Sale Director, with any questions.**

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Information deemed reliable but not guaranteed...always check with an attorney, that specializes in short sales, and debt restructuring.