

Issue	Foreclosure	Successful Short Sale
Future Fannie Mae Loan- primary residence	A homeowner who loses a home to foreclosure is ineligible for a Fannie Mae backed mortgage for 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.
Future Fannie Mae Loan- non-primary residence	An investor who loses a home 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.
Future Loan with any Mortgage Company	On any future 1003 application, a prospective borrower will have to answer YES to the "Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?" This will affect future rates.	There is no similar declaration or question regarding a short sale.
Credit Score	Credit score may be lowered anywhere from 250 to over 300 points and will typically affect credit 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 on a credit report can be as brief as 12 to 18 months.
Credit History	Foreclosure will remain as a public record on a person's credit history for 10 years or more.	Short sales are not reported on credit history. The loan is typically reported as "paid in full, settled."
Security Clearances	Foreclosure is the most challenging issue for a security clearance outside of conviction of a serious misdemeanor or felony. If a client has a foreclosure and is a police officer, in the military, in the CIA, Security or any other position that requires a security clearance, the clearance may be revoked and the position terminated.	A short sale on its own does not challenge most security clearances.
Current Employment	Employers have the right and are actively checking the credit of employees in sensitive positions. A foreclosure in many cases is ground for termination.	A short sale is not reported on a credit report and is therefore not a challenge to employment.
Future Employment	Many employers require 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 (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.
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 longer time to sale. This might 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 judgment.