



FORECLOSURE *VERSUS*..... SHORT SALE

FORECLOSURE

SHORT SALE

Future Loan

For the next 7 years you will be required to disclose that you have been foreclosed upon in mortgage applications. This will assuredly impact your eligibility and interest rate.

You will not have to disclose a foreclosure because you avoided it by completing a Short Sale.

Credit Score

Your credit score can be lowered substantially for several years if you allow a foreclosure on your record.

While a Short Sale can impact your credit score it is generally not as substantial as a foreclosure.

Credit History

A foreclosure remains as a public record on your credit history for as long as 7 years.

The words "Short Sale" do not appear on your credit report. The sale is typically reported as "paid settled", or "paid for less than agreed".

Security Clearance

Foreclosure is a challenging issue for employment that requires security background checks. A security clearance may be revoked or denied when you permit a foreclosure on your record.

A Short Sale in and of itself does not challenge most security clearances.

Current Employment

Employers can request to check the credit of their employees. If you are an employee in a sensitive position you could be reassigned or terminated.

A Short Sale in and of itself would not be a challenge to current employment.

Future Employment

Many employers are actively requiring credit checks on job applicants. A foreclosure can be detrimental for an applicant and can challenge employment.

A Short Sale in and of itself would not challenge future employment.

Deficiency Judgment

Depending on the character of the loan that forecloses on you the lender may be permitted to seek a deficiency judgment against you.

In a Short Sale you can negotiate with your lender to fully discharge the loan at the time of sale. The terms of such arrangement are negotiable.

Taxes

Lenders are required by law to file a form 1099A which you may have to report as income for tax filing purposes.

Lenders are required by law to file a form 1099C which you may have to report as income for tax filing purposes.