

WHY DO A SHORT SALE EVEN IF YOU FILE FOR BANKRUPTCY?

1. By doing a Short Sale, a debtor can obtain the best “fresh start” by avoiding foreclosure.
2. Once a Short Sale is completed, the lenders will report the transaction on the debtor’s credit report as “Settled”, “Paid in Full” or “Settled Less than Full”, as opposed to “Foreclosure”.
3. Many lenders and government agencies are now offering cash incentives to the borrowers to do a Short Sale. I have seen incentives up to \$45,000.00!
4. Under Fannie Mae guidelines, a debtor who completes a Short Sale can get a new mortgage within two years! If the property goes to foreclosure, it can take from five to seven years to get another mortgage.
5. Future mortgage rates will be lower for those borrowers who do a Short Sale versus having a Foreclosure on their record.
6. Credit scores for those who are foreclosed upon will be lowered by 250 to 300 points for up to three years! For those who do a Short Sale, their credit scores will only be lowered by 50 points and it will only last about 12 to 18 months.
7. Foreclosure will remain as a public record permanently on a person’s credit history for 10 years or more. A Short Sale is not reported on a credit history. Rather, the loan is reported as “Settled”, “Paid in Full”, or “Settled Less than Full”.
8. Foreclosure is the most challenging issue against a security clearance outside of a misdemeanor or felony conviction. If a debtor has a foreclosure and is either a police officer, in the military, in the CIA, security field, or other position that requires security clearance, in almost all cases, clearance will be revoked and the position will be terminated. On its own, a Short Sale does not challenge most security clearances.
9. Employers have the right and are actively checking on the credit of all employees who are in sensitive positions. In many cases, a foreclosure is a reason for immediate termination or reassignment. A Short Sale is not reported on credit reports, and is therefore not a challenge to employment.
10. Many future 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 and impede one’s ability to get a “fresh start”. A Short Sale is not reported on a credit report, and is therefore not a challenge to future employment.
11. When a home is left to foreclosure, it can take many years for the process to complete. During such time, a debtor can be subjected to massive fines and possible criminal penalties by the local municipality due to vandalism, uncared for property, leaking septic systems, overgrown lawns, and garbage accumulation. Once a debtor is discharged from bankruptcy, these fines and penalties are the debtor’s responsibility. All this can be avoided by doing a Short Sale.
12. Most people treasure their homes that were full of love and memories of where their children were raised. Consequently, they are sad to leave due to foreclosure. Rather than just walking away and letting the home rot for years while the bank forecloses, a Short Sale allows the debtor to sell the home to another family that will love, enjoy and respect their home the way they did.