THE FORECLOSURE Fairytale!

Learn the real truth about foreclosure and how a short sale can have you on your financial feet in as little as 12 months.

It's amazing how many people are misinformed.

As the housing crisis in this country began to ramp up in 2007, real estate "experts" popped up everywhere. On cable news and in newspapers, these experts were sharing their opinions about the best solutions for people who were in danger of losing their home to foreclosure. Often, these expert opinions directly contradicted one another. Worse yet, many times these experts were just flat out wrong.

Among the most common, and the most misinformed, opinions was that a short sale had just the same effect on a homeowner as a foreclosure. This is not only completely untrue, but has led many people to have their homes needlessly foreclosed on, leaving them no options for their financial future.

This report was created for the sole purpose of dispelling the Foreclosure vs. Short Sale myth and to better inform distressed homeowners about the options that are available to them.

What is a short sale?

Put simply, a short sale is the process by which the bank allows a distressed homeowner to sell the property for less than the amount owed on the loan. In today's market, when property values have dropped well below original loan values, short sales have become an increasingly popular option for both homeowners AND the banks. For more info, see *"Why Would A Bank Accept A Short Sale?"*

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Why A Short Sale Is A Better Option Than Foreclosure

- **Credit Scores –** When a homeowner has their home foreclosed on, it typically affects his or her credit score by between 250-300 points. This is a catastrophic impact to a credit score and it happens because the foreclosure is reported DIRECTLY on a credit report. In a short sale, there is NO standard code that is reported. Ultimately, the late payments can have as little as a 50 point impact on your score. In addition, a foreclosure affects a score for 3 years or more. In a short sale, the effect usually lasts 12-18 months, depending on delinquency. In fact, it is not uncommon for someone to be able to get a new home loan virtually immediately after a short sale if they have remained current on their payments or if their credit has not been affected by other debts.

- **Credit History –** Because a foreclosure is specifically reported on a person's credit, by law it must remain on that person's credit report for at least 7 years. In a short sale, because there is no specific reporting code, it is not reported on a person's credit history.

- **Ability to get Future Loans –** Anyone who tries to get a home loan has to fill out a 1003 application. Question C in Section VIII of this form asks the question, "Have you had a property foreclosed upon or given title or deed-in-lieu thereof in the last 7 years?" Obviously, if a homeowner goes through foreclosure, having to answer yes to this question means that it is will be almost impossible to receive a loan for at least 7 years. In a short sale, there is no such requirement. In fact, with an FHA loan, a homeowner who goes through a short sale can receive a new home loan IMMEDIATELY assuming they were current on their payments and their credit wasn't affected by other debts. Fannie Mae and Freddie Mac loans are also available for those who go through short sales in about 2 years or less, depending on circumstances.

- **Current and Future Employment –** Anyone who has looked for a job in the last 10 years knows that it is more and more common for companies to run credit checks on potential employees, but in some cases, employers are also keeping tabs on the credit of current employees as well. In both cases, employers just want to make sure that if their employees ever find themselves in a dire financial situation, it never puts their business in jeopardy. Because a foreclosure is reported on a credit report, this is an immediate red flag for current and future employers. In a short sale, the only thing reported is late payments or, in some cases, "paid as agreed" or "paid as negotiated."

- **Security Clearance –** If a homeowner is in the military or holds any other highly sensitive job that requires an official security clearance, a foreclosure is second only to a felony conviction as the most challenging issue in keeping that status. In most cases, as soon as a foreclosure hits a person's credit, he or she can be reassigned or let go from that position and obtaining a new security clearance is often impossible.

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After viewing all the facts, the choice is crystal clear. There simply is no situation in which it is better to simply allow a home to be foreclosed on. As a Certified Distressed Property Expert (CDPE), I am uniquely qualified to walk you through the short sale process as well as to give you information about other foreclosure alternatives that may be available to you.

Call me today at Phone Number
or visit my website www.yourwebsite.com
to set up your free, confidential consultation. Together, we will work to make sure that you are able to achieve the best possible solution for your situation.

What does "CDPE" Mean?

As a Certified Distressed Property Expert, I have devoted a significant amount of time to educating myself on all the options that are available to homeowners in danger of losing their home to foreclosure. I have received extensive training to receive this exclusive designation. This training has taught me how to recognize the best option for every homeowner's unique situation as well as how to complete the processes involved in the most efficient way possible.

Why Would A Bank Accept A Short Sale?

It can sometimes seem to go against everything we are taught about borrowing money, but in today's market, banks will gladly go accept a short sale as an alternative to foreclosure. Here are three reasons why:

1 *In a short sale, the bank never owns the home.*

It is often overlooked, but this is one of the major reasons why banks prefer short sales. Having to take back the home and then sell it at auction is a major undertaking that can be expensive. In a short sale, there is already someone who wants to buy the home so that hassle is taken care of.

2 *In a short sale, the home is generally in better shape.*

It is a sad fact, but when people are about to lose their home to foreclosure, they will sometimes try to distance themselves emotionally from the home in order to cope. This can lead to the home not being taken care of, which makes it that much harder to sell. In a short sale, the seller is always being proactive and is generally more responsible.

3 *In a short sale, the bank gets more money.*

Ultimately, this is the main reason. Even though the bank is not getting the full amount of the loan, the amount of the average short sale is almost always significantly more than what they can sell a foreclosed home for at auction.

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