



# FINANCING AFTER A SHORT-SALE

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## THE STRUGGLE IS REAL

Are you having trouble making the monthly payments on your mortgage? Or have you missed any?

You probably may be thinking about negotiating your mortgage with your lender or even modifying your current mortgage if that is still an option.

- A short-sale may hurt less your credit than a foreclosure. While borrowers who go through a foreclosure may have to wait 7 years before they're eligible for a new mortgage, short sellers may qualify in 2 years.
- The FTC, the nation's consumer protection agency, has some tips to help short sellers avoid a potentially costly mistake: Being kept out of the housing market because of difficulties interpreting short sale and foreclosures information on consumer reports.



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# DIFFERENCE BETWEEN A SHORT-SALE AND A FORECLOSURE

## Short-sale

- A **short sale** occurs when you sell your home for less than the balance you owe on the mortgage loan, and the lender agrees to accept the proceeds of the sale instead of pursuing foreclosure.
- Your lender works with you and your real estate agent to set the sale price and review the offers, and then works with the buyer's real estate agent and mortgage lender to finalize the sale.

## Foreclosure

- A **foreclosure** takes place when you don't make the mortgage payments and the lender takes legal action to repossess your home.



## STEPS INTO THE TRANSACTION

Real Estate  
Broker

-Consult with an Agent on comparable sale price market and options to sale your home

Short-sale  
approval  
and  
negotiation

-Your lender needs to approved not only the sale of the home but also the price of the sale.  
-Keep in mind that if your home have equity you will not receive any gains out of it.

Closing

-Make sure all loans on the home are been satisfy.  
-Once you closed contact the credit buraus to updated the information as this account will be negative and will impact your credit.  
-However the balance will be paid in less what is owned, it will affect your credit as much as a foreclosure. A foreclosure will show that the account was never paid.



## HOW TO ACT

- Reach out to a Real Estate Agent and look for options to sale
- List your home for sale
- Get into a contract and start the process with your lender on negotiating price home and the approval of sale.

Once the transaction is closed:

- Get a letter from your lender confirming that your loan closed in a short sale, not a foreclosure. Send a copy of the letter to each of the nationwide credit reporting companies: [Equifax](#), [Experian](#), and [TransUnion](#). You also can use the letter if questions arise when you try to buy another home.
- Order a copy of your [credit report](#). Make sure the information is accurate. The nationwide consumer reporting companies are required to provide you with a free copy of your credit report, at your request, once every 12 months. Visit [AnnualCreditReport.com](#) or call toll-free: 1-877-322-8228. If you [find a mistake](#), contact the credit reporting company and business providing the information to correct the error.
- When you're ready to buy another home, get pre-approved. A pre-approval letter from a lender shows that you are able to go through with a purchase. Pre-approval is not a final loan commitment; it means you met with a loan officer, your credit report was reviewed, and the lender believes you can qualify for a specific loan amount. This pre-approval process allows your lender to identify issues and errors in your credit report that may keep you from qualifying for a loan. That, in turn, allows you to correct inaccuracies before they can prevent you from buying another home.