

eBook

#HelpStartsHere

Navigating Post-Forbearance Homeownership

Selling Your Home to
Avoid Foreclosure

 **Freddie Mac**
Single-Family



Reflecting on 2020 and Preparing for Change

In 2020, millions of homeowners took advantage of forbearance plans and many requested a forbearance extension. But what are your options post-forbearance and who can you go to for additional support?

Options for Sustaining Homeownership

Homeowners have options to gracefully go from a pause on their mortgage payment, to paying their mortgage again. As the economy and the housing market continue to evolve, continue working closely with your mortgage Servicer, who can advise on relief options that are available, based on unique homeowner situations.

Navigate your post-forbearance options – whether you need a better understanding of options and impacts or you're facing tough decisions about maintaining homeownership.



Selling Your Home to Avoid Foreclosure

Exiting a forbearance plan can be an opportunity to explore a new homeownership path. If you find your situation is better resolved by selling your home through a short sale, there are professionals available to help guide you every step of the way.

Who can help?

- Reach out to a real estate professional for their insights and expertise so that you can get started in the right direction.
- Talk to a mortgage Servicer to better understand important financial considerations.

Short Sale vs. Foreclosure: Credit Impacts

Impacts	Short sale	Foreclosure
How much will your credit score decrease?	Approximately 75-200 points	Approximately 200-300 points
How long will it stay on your credit report?	Approximately 7 years	Approximately 7 years
Financing a home?	Can finance a home in 1-7 years	Can finance a home in 3-7 years

Source: [Experian](#)



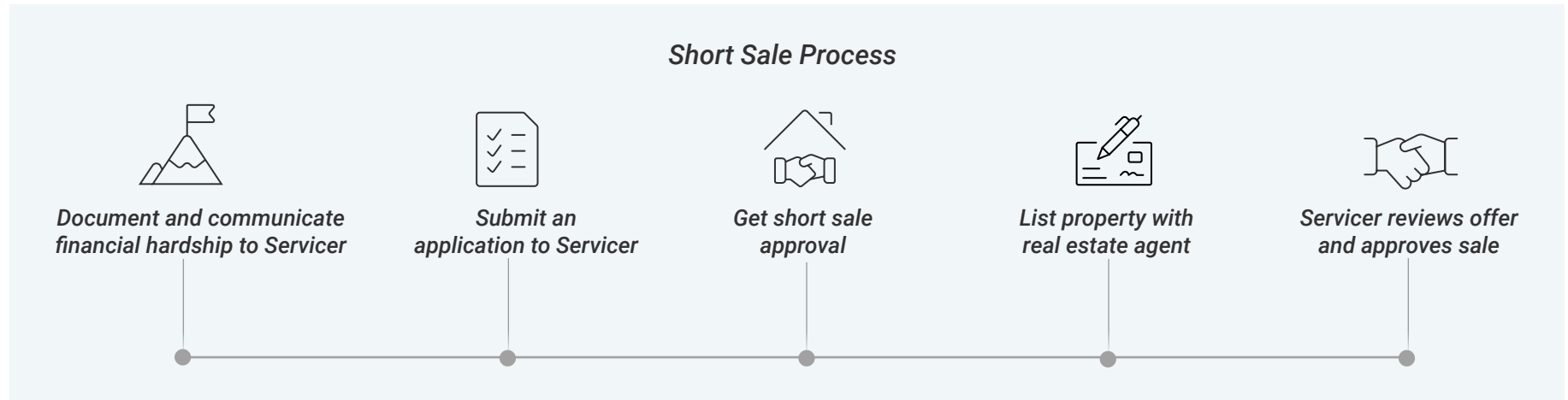
Short Sale

What is it?

When a house is sold for a price that is less than the amount owed on the mortgage, the Servicer may agree to a short sale in order to recoup a portion of the mortgage still owed.

What are the impacts of a short sale?

A short sale will impact your credit score and typically stays on your credit report for seven years. Even if a short sale is the best option for you today, you can still plan to finance a home again in the future.





Fast Sale

What is it?

Also known as a “quick sale,” this option is the sale of a property that is in a defaulted “pre-foreclosure” period – a lender’s grace period for borrowers between the mortgage default and foreclosure sale.

Fast sale process

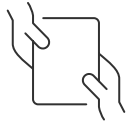
- 1** You are served a notice of default, which clears the way for foreclosure (typically a 90-day period).
- 2** Within that period, you sell your property, often at a steep discount.
- 3** Unlike a short sale, a quick sale doesn’t require lender approval as long as the home isn’t sold for less than what is owed.



Important Resources



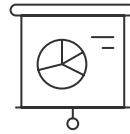
[Quiz: Understanding Foreclosure and Your Alternatives](#)



[Access CreditSmart®: A suite of free financial capability and homeownership education resources](#)



[Find a Housing Counselor Near You](#)



[Worksheet: Calculate Your Spending Habits](#)



[Connect with a HUD Approved Housing Counseling Agency](#)



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