

Bankruptcy, Foreclosure, Short Sales, & Loan Modifications

The facts about how long buyers must wait before obtaining financing.

Conventional*	
Chapter 7 Bankruptcy	4 years from discharge or dismissal date.
Chapter 13 Bankruptcy	<ul style="list-style-type: none"> 2 years from discharge date Or 4 years from dismissal date.
Multiple Bankruptcy Filings in the Last 7 Years	5 years from discharge or dismissal date.
Foreclosure	7 yrs from completion date
Deed-in-lieu of Foreclosure	<p>4 years from completion date, plus Owner-Occupied purchase or limited cash-out refinance; and Max. LTV of 90%; and If purchase, borrower must contribute the greater of 10% min. down payment or product requirements</p> <p>7 years from completion date if transaction is:</p> <ul style="list-style-type: none"> Cash-out; Second Home; or Investment. <p>Note: May follow AUS requirements</p>
Preforeclosure, Short Sale, or Modification	<ul style="list-style-type: none"> 2 yrs-80% max LTV 4 yrs-90% max LTV 7 yrs-Max LTV allowed by program
Consumer Credit Counseling	Must be approved by an AUS

FHA	
Chapter 7 Bankruptcy	2 years from discharge or dismissal date; or >12 mos. & < 24 mos. if acceptable extenuating circumstances
Chapter 13 Bankruptcy in progress	1 year of the payout must have elapsed & payments made on time. Borrower must receive permission from the courts to enter into a mortgage
Foreclosure	3 years from completion date
Deed-in-Lieu of Foreclosure, Short Sale, Pre-Foreclosure or Modification	3 years from completion date
Consumer Credit Counseling	1 year of the payout must have elapsed & payments made on time. Borrower must receive permission from the courts to enter into a mortgage

*Automated Underwriting Systems (AUS) are unable to determine the existence of extenuating circumstances that result in a bankruptcy, foreclosure, deed-in-lieu, pre-foreclosure, or short sale and therefore, the loan would be required to be manually underwritten. Investors do not allow conventional loans to be manually underwritten; therefore guidelines from derogatory credit due to extenuating circumstances are not reflected here.

USDA Rural	
Chapter 7 Bankruptcy	3 years from discharge or dismissal date
Chapter 13 Bankruptcy	1 year of the payout must have elapsed & payments must be made on time. Borrower must receive permission from the courts to enter into a mortgage.
Foreclosure	3 years from completion date
Deed-in-Lieu of Foreclosure	3 years from completion date
Short Sale or Modification	3 years from completion date
Consumer Credit Counseling	1 year of the payout must have elapsed & payments must be made on time. Borrower must receive permission from the courts to enter into a mortgage.

VA	
Chapter 7 Bankruptcy	2 years from discharge or dismissal date
Chapter 13 Bankruptcy	1 year of the payout must have elapsed & payments must be made on time. Borrower must receive permission from the courts to enter into a mortgage.
Foreclosure	2 years from completion date
Deed-in-Lieu of Foreclosure	2 years from completion date
Short Sale or Modification	2 years from completion date
Consumer Credit Counseling	1 year of the payout must have elapsed & payments must be made on time. Borrower must receive permission from the courts to enter into a mortgage.

All Loan Types-If a mortgage has gone through a loan modification or the lien holder has offered a short payoff, the mortgage loan is not eligible for a refinance.

Jumbo Loans- For jumbo loans, follow investor specific guidelines.