

Waiting Periods Required for Significant DEROGATORY CREDIT EVENTS



NOTE: Extenuating circumstances are non-recurring events that are beyond the borrower's control that result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations.

Conventional-Conforming		Eligibility Determined by Application Date (All must receive an AUS approve/eligible)
Derogatory Item	Waiting Periods	
Foreclosure	Home was given back to the lender – No owner participation, done with legal proceeding. <ul style="list-style-type: none"> • 7 years from date foreclosure completed and transferred back to lender to date of credit report. • 3 years from foreclosure date with extenuating circumstances. 	
Short Sale, Deed in Lieu of Foreclosure	Short Sale: Lender agreed to accept payoff for less than owed. Deed in Lieu: Borrower, failing to satisfy the loan obligation, assigns title to lender and avoids foreclosure proceedings. <ul style="list-style-type: none"> • 7 years from date of sale closed and transferred to new owner for less than 10% down payment of purchase of primary residence. • 4 years from date of sale closed and transferred to new owner for 10% down payment on purchase of primary residence. • 2 years from date of sale closed and transferred to new owner with a 20% down payment on a purchase of primary residence. • 2 years from date of sale closed and transferred to new owner with acceptable extenuating circumstances and 10% down payment on purchase of primary residence. 	
Bankruptcy Chapter 7	Debts are discharged through BK – Client does not pay any debts owing. <ul style="list-style-type: none"> • 4 years from discharge date with re-established credit with no derogatory ratings. • 2 years from discharge date possible with extenuating circumstances. 	
Bankruptcy Chapter 13	Debts are paid back on a monthly scheduled payment plan by client.	
VA		Eligibility Determined By Date of Loan Approval
Derogatory Item	Waiting Periods	
Foreclosure, Deed in lieu of Foreclosure, Bankruptcy Chapter 7	Foreclosure: Home was given back to the lender — No owner participation, done with legal proceeding. Deed in Lieu: Home returned to lender in exchange for cancelling loan. <ul style="list-style-type: none"> • 2 years from date foreclosure completed and transferred back to lender. • 12-23 months from date foreclosure completed and transferred back to lender if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances such as unemployment, prolonged strikes, medical bills not covered by insurance. Divorce does not qualify. 	
Short Sale	Lender agreed to accept payoff for less than owed. <ul style="list-style-type: none"> • 2 years from date sale closed and transferred to new owner. 	
Bankruptcy Chapter 13 or Consumer Credit Counseling	Debts are paid back on a monthly scheduled payment plan by client. <ul style="list-style-type: none"> • Eligible with 1 year payout period under Chapter 13 bankruptcy or consumer credit counseling has elapsed, the payments are included in the debt ratios, borrower has a satisfactory credit rating, all payments have been made on time and the borrower receives bankruptcy court approval to enter into the mortgage transaction. 	

FHA	Eligibility Determined by Date of Loan Approval
Derogatory Item	Waiting Periods
Foreclosure, Deed in Lieu of Foreclosure	<p>Foreclosure: Home was given back to the lender — No owner participation, done with legal proceeding.</p> <p>Deed in Lieu: Home returned to lender in exchange for cancelling loan.</p> <ul style="list-style-type: none"> • 3 years from date foreclosure completed and transferred back to lender. • Less than 2 years, but not less than 12 months from date foreclosure completed and transferred back to lender, may be acceptable with extenuating circumstances, such as death/serious illness of a wage earner and re-established good credit. Divorce or inability to sell home because of job transfer or relocation does not qualify.
Short Sale	<p>Lender agreed to accept payoff for less than owed.</p> <ul style="list-style-type: none"> • 3 years from date sale closed and transferred to new owner. • No waiting period if borrower had no late payments on any mortgages and consumer debts within the 12 months preceding the short sale; AND, they are not taking advantage of declining market conditions to purchase another home; AND, the proceeds from the short sale serve as payment in full.
Bankruptcy Chapter 7	<p>Debts are discharged through BK, client does not pay any debts owing.</p> <ul style="list-style-type: none"> • 2 years from date of discharge with re-established credit with no derogatory ratings; in lieu of re-established credit, credit letters covering the past 12 months from two alternative credit sources (e.g., telephone, cable, gas or electric companies) are required. • NOTE: If borrower surrenders property in a bankruptcy, it is construed as a deed-in-lieu and 3 years are required before purchasing.
Bankruptcy Chapter 13 or Consumer Credit Counseling	<p>Debts are paid back on a monthly scheduled payment plan by client.</p> <ul style="list-style-type: none"> • Eligible if, 1 year payout period under Chapter 13 bankruptcy or consumer credit counseling has elapsed, the payments are included in the debt ratios, borrower has a satisfactory credit rating, all payments have been made on time and the borrower receives bankruptcy court approval to enter into the mortgage transaction.