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## FNMA

The waiting period is measured by the completion, discharge, or dismissal of the derogatory credit event and ends on the date of disbursement, unless DU indicates otherwise.

Derogatory Event	Waiting Periods
Foreclosure (including deed-in-lieu of foreclosure)	7 years from completion
Short Sales	4 years from completion
Chapter 7 Bankruptcy	4 years from discharge
Chapter 13 Bankruptcy	2 years from discharge, or 4 years from dismissal

### **FNMA Foreclosure and Bankruptcy on the Same Mortgage**

If homeowner had a mortgage, or mortgages as part of a Chapter 7 Bankruptcy, the waiting period to qualify starts on the discharged date of Chapter 7 Bankruptcy. The recorded date of foreclosure, deed in lieu of foreclosure, short sale can be after the discharged date of Chapter 7 Bankruptcy.

- The waiting period for those who had a mortgage part of bankruptcy is four years from the discharge date of Chapter 7 bankruptcy
- This is regardless of when the housing event was recorded
- The housing event needs to have been finalized in order to qualify
- Cannot have re-affirmed the mortgage
- In most cases, the foreclosure is recorded at a much later date than the discharge date of Chapter 7 bankruptcy

### **FNMA Multiple Bankruptcy Filings**

For a borrower with more than one bankruptcy filing within the past seven years, a five-year waiting period is required, measured from the most recent dismissal or discharge date.

### **FHLMC**

For Accept Mortgages, LP has determined that the borrower's credit reputation is acceptable. The waiting period is measured by the completion, discharge, or dismissal of the derogatory credit event and ends on the date of the credit report. In cases where LP may not be properly reading the derogatory credit event due to the credit report not reflecting the accurate information the underwriter will need to ensure the 1003 declaration section is marked correctly in order for the appropriate finds to be produced.

### FHA

The waiting period is measured by the completion, discharge, or dismissal of the derogatory credit event and ends on the case number assignment date. A manual underwrite is required for any loan where an exception to the waiting period requirements is considered.

Derogatory Event	Waiting Periods	Exceptions
Foreclosure (including deed-in-lieu of foreclosure)	3 years	An exception to the 3-year requirement may be granted if the foreclosure was the result of documented. *See below for further detail on extenuating circumstances.
Short Sales	3 years from the transfer of date  Manual underwrite allowed when Short Sale is within 3 years at the time of case # assignment date if the borrower was current at the time of short sale:  • Mortgage payments on the prior mortgage were made within the month due for the 12-month period preceding the short sale, AND  • Installment debt payments for the same time period were also made within the month due.	A lender may make an exception to this rule for a borrower in default on his/her mortgage at the time of the short sale if the: <ul style="list-style-type: none"> <li>• Default was due to circumstances beyond the borrower's control, such as death of a primary wage earner or long-term uninsured illness, AND</li> <li>• A review of the credit report indicates satisfactory credit prior to the circumstances beyond the borrower's control that caused the default.</li> </ul>
Chapter 7 Bankruptcy	2 years since discharge date	An elapsed period of less than 2 years but not less than 12 months may be acceptable if the borrower: <ul style="list-style-type: none"> <li>• Can show that the BK was caused by extenuating circumstances beyond his/her control, AND</li> <li>• Has since exhibited a documented ability to manage his/her financial affairs in a responsible manner.</li> </ul>

## Derogatory Credit

Chapter 13 Bankruptcy	2 years since discharge If the BK has not been discharged for at least 2 years, the loan must be downgraded to a Refer and evaluated by a DE underwriter.	In cases where the BK has not been discharged, a borrower is not disqualified provided that the following is documented: <ul style="list-style-type: none"> <li>• One year of the pay-out period under the BK has elapsed,</li> <li>• The borrower's payment performance has been satisfactory and all required payments have been made on time, AND</li> <li>• The borrower has received written permission from the BK court to enter into the mortgage transaction.</li> </ul>
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### USDA

The waiting period is measured by the completion, discharge, or dismissal of the derogatory credit event and ends on the date of application.

Derogatory Event	Waiting Periods
Foreclosure (including deed-in-lieu of foreclosure)	3 years from completion
Short Sales	3 years from completion
Chapter 7 Bankruptcy	3 years from discharge
Chapter 13 Bankruptcy	In cases where the BK has not been discharged, a borrower is not disqualified provided that the following is documented: <ul style="list-style-type: none"> <li>• One year of the pay-out period under the BK has elapsed,</li> <li>• The borrower's payment performance has been satisfactory and all required payments have been made on time, AND</li> </ul> The borrower has received written permission from the BK court to enter into the mortgage transaction.

VA

The waiting period is measured by the completion, discharge, or dismissal of the derogatory credit event and ends on the loan application date. However, loans that do not meet the seasoning requirements as of the loan application date can be considered on a case-by-case basis. A manual underwrite is required for any loan where an exception to the waiting period requirements is considered.

Derogatory Event	Waiting Periods	Exceptions
Foreclosure (including deed-in-lieu of foreclosure) and Short Sales	2 years since discharge	Apply the same guidelines as the “Bankruptcy Filed Under the Straight Liquidation and Discharge Provisions of the Bankruptcy Law” guidelines referenced above.
Chapter 7 Bankruptcy	2 years	<p>If the BK discharged within the last 1 to 2 years, it is probably not possible to determine that the applicant or spouse is a satisfactory credit risk unless both of the following requirements are met:</p> <ul style="list-style-type: none"> <li>• The applicant or spouse has obtained consumer items on credit subsequent to the BK and has satisfactorily made the payments over a continued period, AND</li> <li>• The BK was caused by circumstances beyond the control of the applicant or spouse such as unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the borrower and/or spouse.</li> </ul> <p>If the BK was caused by failure of the business of a self-employed applicant, it may be possible to determine that the applicant is a satisfactory credit risk if:</p> <ul style="list-style-type: none"> <li>• The applicant obtained a permanent position after the business failed,</li> <li>• There is no derogatory credit information prior to self-employment,</li> <li>• There is no derogatory credit information subsequent to the BK, AND</li> <li>• Failure of the business was not due to the applicant’s misconduct.</li> </ul> <p>If a borrower or spouse has been discharged in BK within the past 12 months, it will not generally be possible to determine that the borrower or spouse is a satisfactory credit risk.</p>

<p>Chapter 13 Bankruptcy</p>	<p>This type of filing indicates an effort to pay creditors. Regular payments are made to a court-appointed trustee over a 2 to 3 year period or, in some cases, up to 5 years, to pay off scaled down or entire debts.</p> <p>If the applicant has finished making all payments satisfactorily, the lender may conclude that the applicant has reestablished satisfactory credit.</p> <p>If the applicant has satisfactorily made at least 12 months' worth of the payments and the Trustee or the Bankruptcy Judge approves of the new credit, the lender may give favorable consideration.</p>
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### Extenuating Circumstances

Extenuating circumstances that were beyond the control of the borrower, such as a serious illness or death of a wage earner, and the borrower has re-established good credit since the foreclosure. Divorce is not considered an extenuating circumstance. An exception may, however, be granted where a borrower's loan was current at the time of his/her divorce, the ex-spouse received the property, and the loan was later foreclosed. The inability to sell a property due to a job transfer or relocation to another area does not qualify as an extenuating circumstance.

### FHA/VA/RD CAIVRS

If the borrower previously had a foreclosure or short sale that resulted in a loss on a government-insured loan, the 3 years completion period starts from the date the claim was paid to the specific agency. CAIVRS system should be utilized for further information.