

About Bankruptcy, Foreclosure and Short Sales

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

A common question home buyers have today is: How long must I wait before obtaining financing after bankruptcy, foreclosure or short sale? Below is an overview by loan type of this important information.

CONVENTIONAL

Chapter 7 Bankruptcy	4 years from discharge date.
Chapter 13 Bankruptcy	2 years from discharge date or 4 years from dismissal date.
Foreclosure	5 years from completion date.
Deed-In-Lieu of Foreclosure	5 years from completion date.
Short Sale	2 years from completion date.

FANNIE MAE

Bankruptcy (Ch. 7 or 11)	4 years
Chapter 13 Bankruptcy	2 years from discharge date. 4 years from dismissal date.
Multiple Bankruptcy Filings	5 years if more than one filing within the past 7 years
Foreclosure	7 years - after a prior foreclosure to be eligible for a new mortgage loan eligible for sale to Fannie Mae, unless the foreclosure was the result of documented extenuating circumstances, which only requires a 3-year waiting period (with additional requirements).
Deed-in-Lieu of Foreclosure Preforeclosure Sale Short Sale	2 years - 80% max LTV ratios* 4 years - 90% max LTV ratios* Greater LTV's can require up to 7 years

USDA Rural

Bankruptcy (Ch. 7 & 13)	3 years from discharge date.
Foreclosure	3 years from completion date.
Short Sale	No specific information on this yet, assume foreclosure rule of 3 years.

FHA

Chapter 7 Bankruptcy	2 years from discharge date.
Chapter 13 Bankruptcy	1 year of the payout must elapse and payment performance must be satisfactory - buyer must receive permission from the court to enter into a mortgage.
Foreclosure	3 years from completion date.
Short Sale	<ul style="list-style-type: none"> • No time restriction if the borrower was current at the time of the short sale and all mortgage and installment payments were made within month due for the previous 12 month period prior to application date, and the proceeds from the short sale serve as payment in full. • 3 years from completion date if in default at time of short sale.

VA

Chapter 7 Bankruptcy	2 years from discharge date.
Chapter 13 Bankruptcy	1 year of the payout must elapse and payment performance must be satisfactory - buyer must receive permission from the court to enter into a mortgage.
Foreclosure	2 years from completion date.
Short Sale	No specific information on this yet, assume foreclosure rule of 2 years.

If you have any questions about these timeframes or if you would like additional information, please call me today.



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*The maximum LTV ratios permitted are the lesser of the LTV ratios in this table or the maximum LTV ratios for the transaction per the Eligibility Matrix. The contents of this publication are offered for informational purposes only and does not constitute legal advice, and that prior to proceeding on any information set forth in this publication, the reader should consult a qualified, licensed Realtor or Loan Officer, as appropriate.

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