



## WAITING PERIODS REQUIRED FOR SIGNIFICANT DEROGATORY CREDIT EVENTS

### CONVENTIONAL (DETERMINED BY DATE OF APPLICATION)

\*MUST RECEIVE AN AUS APPROVE/ELIGIBLE INCLUDING THOSE WITH EXTENUATING CIRCUMSTANCES.

Derogatory Item	Waiting Periods
Foreclosure	Home was given back to the bank – No owner participation <ul style="list-style-type: none"> <li>• 7 years from date foreclosure completed and transferred back to bank if they had NO extenuating circumstances.</li> <li>• 3 years from date foreclosure completed and transferred back to bank with acceptable extenuating circumstances<sup>1</sup> AND 10% Down Payment. Primary home purchase and rate/term refinance only. Non-owner and second homes not allowed.</li> </ul>
Short Sale Deed in Lieu of Foreclosure	Short Sale: Home sold but sales price didn't cover amount owed Deed in Lieu: Home returned to lender in exchange for canceling loan <ul style="list-style-type: none"> <li>• 7 years from date sale closed and transferred to new owner or transferred back to bank for less than 10% down payment</li> <li>• 4 years from date sale closed and transferred to new owner or transferred back to bank with 10% down payment,</li> <li>• 2 years from date sale closed and transferred to new owner or transferred back to bank with 20% down payment</li> <li>• 2 years from date sale closed and transferred to new owner or transferred back to bank possible with acceptable extenuating circumstance<sup>1</sup> and 10% down payment.</li> </ul>
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> <li>• 4 years from discharge date</li> <li>• 2 years from discharge date possible with acceptable extenuating circumstance<sup>1</sup></li> </ul>
Bankruptcy Chapter 13	Debts are paid back on a monthly scheduled payment plan by client <ul style="list-style-type: none"> <li>• 2 years from discharged date</li> <li>• 4 years from dismissal date</li> </ul>

### FHA (DETERMINED BY DATE OF CREDIT APPROVAL)

Derogatory Item	Waiting Periods
Foreclosure Deed in Lieu of Foreclosure	Foreclosure: Home was given back to the bank – No owner participation Deed in Lieu: Home returned to lender in exchange for canceling loan <ul style="list-style-type: none"> <li>• 3 years from date foreclosure completed and transferred back to bank</li> <li>• Less than 2 years, but not less than 12 months from date foreclosure completed and transferred back to bank may be acceptable if the result of acceptable extenuating circumstances<sup>2</sup></li> </ul>
Short Sale	Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> <li>• 3 years from date sale closed and transferred to new owner.</li> <li>• No waiting period if borrower had no late payments on any mortgages and consumer debts within the 12 month period preceding the short sale AND they are not taking advantage of declining market conditions.</li> </ul>
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> <li>• 2 years from date of discharge with re-established credit paid as agreed or no new credit obligations incurred.</li> <li>• Less than 2 years, but not less than 12 months from date of discharge may be acceptable if the bankruptcy was caused by acceptable extenuating circumstances<sup>2</sup> and borrower has since exhibited a documented ability to manage financial affairs in a responsible manner.</li> </ul>
Bankruptcy Chapter 13	Debts are paid back on a monthly scheduled payment plan by client <ul style="list-style-type: none"> <li>• 1 year payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time.</li> </ul>



## VA (DETERMINED BY DATE OF CREDIT APPROVAL)

Derogatory Item	Waiting Periods
Foreclosure Deed in Lieu of Foreclosure	Foreclosure: Home was given back to the bank – No owner participation Deed in Lieu: Home returned to lender in exchange for canceling loan <ul style="list-style-type: none"> <li>• 2 years from date foreclosure completed and transferred back to bank</li> <li>• 12-23 months from date foreclosure completed and transferred back to bank if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances<sup>3</sup>.</li> </ul>
Short Sale	Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> <li>• 2 years from date sale closed and transferred to new owner.</li> <li>• No waiting period if borrower had no late payments on any mortgages and consumer debts within the 12 month period preceding the short sale AND they are not taking advantage of declining market conditions.</li> </ul>
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> <li>• 2 years from date of discharge</li> <li>• 12-23 months from date of discharge if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances<sup>3</sup>.</li> </ul>
Bankruptcy Chapter 13	Debts are paid back on a monthly scheduled payment plan by client <ul style="list-style-type: none"> <li>• 1 year payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time</li> </ul>

## USDA (DETERMINED BY DATE OF CREDIT APPROVAL)

Derogatory Item	Waiting Periods
Foreclosure Deed in Lieu of Foreclosure Short Sale	Home was given back to the bank – No owner participation Deed in Lieu: Home returned to lender in exchange for canceling loan Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> <li>• 3 years from the date the foreclosure was completed and transferred back to the bank.</li> <li>• Less than 3 years from date the foreclosure was completed and transferred back to the bank may be considered with acceptable extenuating circumstances<sup>4</sup></li> </ul>
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> <li>• 3 years from date of discharge.</li> <li>• Less than 3 years from date of discharge may be considered with acceptable extenuating circumstances<sup>4</sup>.</li> </ul>
Bankruptcy Chapter 13	Debts are paid back on a monthly scheduled payment plan by client <ul style="list-style-type: none"> <li>• 1 year from the date repayment was completed and bankruptcy discharged.</li> <li>• Less than 1 year from the date of discharge may be considered with acceptable extenuating circumstances<sup>4</sup></li> </ul>

### Examples of acceptable extenuating circumstances (circumstances must be verified and documented):

1. **Conventional:** nonrecurring 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.
2. **FHA:** Serious illness or death of a wage earner. Divorce and the inability to sell a property due to a job transfer or relocation to another area **does not** qualify as an acceptable extenuating circumstance.
3. **VA:** Unemployment, prolonged strikes, medical bills not covered by insurance, etc, Divorce is **not** viewed as beyond the control of the borrower and/or spouse.
4. **USDA:** loss of job; delay or reduction in government benefits or other loss of income; increased expenses due to illness, death, etc. Circumstances surrounding the adverse information must have been temporary in nature, and beyond the applicant's control, and have been removed so their reoccurrence is unlikely or the adverse action or delinquency was the result of a refusal to make full payment because of defective goods or services or as a result of some other justifiable dispute relating to the goods or services purchased or contracted for.