

# Bankruptcy, Foreclosure, & Short Sales



**A common question home buyers have today is:**

How long do I have to wait before obtaining financing after bankruptcy, foreclosure, or short sale?

Below is an overview by loan type outlining this important information.

CONVENTIONAL	
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 or 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

**If you have any questions about these timeframes or if you would like additional information, contact your Loan Officer.**

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	3 years from the date of the short sale.  No time restriction if:  1. The borrower paid all mortgage and installment payments as agreed for the 12 months prior to the short sale.  2. The borrower is not taking advantage of the declining market to obtain a similar or superior home in the same general area.

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.



\*The maximum LTV ratios permitted are the lesser of LTV ratios in this table or the maximum LTV ratios for the transaction per the Eligibility Matrix.