

Waiting Periods

Required for Significant Derogatory Credit Events



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Conventional (Determined by Date of Application)

** Must Receive an AUS Approve/Eligible including those with Extenuating Circumstances.

Derogatory Item	Waiting Period as of August 16, 2014
Foreclosure	<ul style="list-style-type: none"> 7 years from completion of foreclosure.
Foreclosure for Mortgage Included in a Bankruptcy	Borrower is held to the bankruptcy waiting periods and not the foreclosure waiting period <ul style="list-style-type: none"> 4 years following the charge off. Lenders must obtain documentation to verify that the mortgage debt in question was in fact discharged as part of the bankruptcy Considered on a case-by-case basis
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"> 4 years from discharge date
Bankruptcy Chapter 7 & 13	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> Chapter 7 - Four year wait from discharge date Chapter 13 - Two year wait from discharge date

FHA (Determined by Date of Credit Approval)

Derogatory Item	Waiting Period
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"> 3 years from date foreclosure completed and transferred back to bank
Short Sale	Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> 3 years from date sale closed and transferred to new owner
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> 2 years from date of discharge with re-established credit paid as agreed or no new credit obligations incurred
Bankruptcy Chapter 13	Debts are paid back on a monthly schedule payment plan by client <ul style="list-style-type: none"> 1 year payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time

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VA (Determined by Date of Credit Approval)

Derogatory Item	Waiting Period
Foreclosure	Foreclosures aged more than 3 years may be disregarded: <ul style="list-style-type: none"> ▪ Mortgages not included in the Ch.7 Bankruptcy, foreclosure time frame is measured from the foreclosure completion date ▪ Mortgages included in a Ch.7 Bankruptcy, the foreclosure time frame is measured from earlier of the foreclosure completion or the Ch. 7 Bankruptcy discharge defaulted ▪ Time-Share loans are considered foreclosures
Short Sale	Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> ▪ 2 years from date sale closed and transferred to new owner ▪ Borrowers having a short sale within the most recent two years are ineligible ▪ If borrower has any mortgage lates within the 12 months prior to the short sale the waiting period is three years
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> ▪ 2 years from date of discharge
Bankruptcy Chapter 13	Debts are paid back on a monthly schedule payment plan by client <ul style="list-style-type: none"> ▪ 1 year payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time

USDA (Determined by Date of Credit Approval)

Derogatory Item	Waiting Period
Foreclosure	Home was given back to the bank—No owner participation <ul style="list-style-type: none"> ▪ A bankruptcy or foreclosure in the past 36 months is not allowed
Deed in Lieu of Foreclosure	Deed in Lieu: Home returned to lender in exchange for canceling loan
Short Sale (2 years)	Short Sale: Home sold but sales price didn't cover amount owed <ul style="list-style-type: none"> ▪ 3 years from date foreclosure completed and transferred back to bank
Bankruptcy Chapter 7	Debts are discharged through BK, client does not pay any debts owing <ul style="list-style-type: none"> ▪ 2 years from date of discharge
Bankruptcy Chapter 13	Debts are paid back on a monthly schedule payment plan by client <ul style="list-style-type: none"> ▪ 1 year from the date repayment was completed and bankruptcy discharged

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

1. Conventional: Nonrecurring events that are beyond the borrower's control resulting in a sudden significant & prolonged reduction in income or a catastrophic increase in financial obligations.
2. FHA: Serious illness or death of a wage earner. Divorce & 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 view 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 expense due to illness, death, etc. Circumstances surrounding an 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.