

# Derogatory Credit Wait Periods

Rules for FHA, VA, USDA, Fannie, Freddie

	Fannie Mae	Freddie Mac	FHA	VA	USDA
<b>Wait Period Measurement</b>	Selling Guide B3-5.3-09	Selling Guide 5202.5 (a) (i)	4000.1 II.A.5.a. iii. & 4000.1 II.A. 4. b.iii	Lender's Handbook, Chap 4	3555-1 Chapter 10 Attachment 10-B
	From the disbursement of the new loan. (Note that DU cannot determine disbursement date so will utilize the credit report date for measurement. If the credit report date is not outside of required wait period, manual underwriting will be required)	From the event date to the application date	From the event date to the case number assignment date.	Not defined (Note that while VA Regional Underwriting personnel verbally indicate that the underwriter could use any reasonable measurement, such as event date to credit report date or event date to underwriting approval date, AUS systems will utilize a credit report date.)	Not defined. (Note that while USDA Single Family personnel verbally indicate that the underwriter could use any reasonable measurement, such as event date to underwriting approval date or to Conditional Commitment date, the GUS system will utilize a credit report date.)
<b>Charge off of Mortgage Account</b>	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a) (i) & (ii) <sup>1</sup>	4000.1 II.A.5.a. iii.(E) & 4000.1 II.A. 4. b.iii.(A)	Lender's Handbook, Chap 4.07.c	3555-1 Chap 10
	- 4 Years  - 2 Years w/ext. circumstances	- 4 Years  - 2 Years w/ext. circumstances	None required	None required Underwriter may use 'adverse data' guidance which requires 12 months of satisfactory credit after event.	None required
<b>Deed-in-Lieu</b>	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a) (i) & (ii) <sup>1</sup>	4000.1 II.A.5.a.iii.(I) & 4000.1 II.A.4.b.iii.(I)	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	- 4 Years  - 2 Years w/ext. circumstances	- 4 Years  - 2 Years w/ext. circumstances. If within 7 yrs. only the following are allowed: - Primary Res. Purchase w/90% max LTV/CLTV/HCLTV - Rate/Term – All occ types	- 3 Years  - 1 Year w/ext. circumstances (Manual underwriting only)	- 2 Years  - 1 Year w/ext. circumstances (Manual underwriting only)	- 3 Years  - 1 Year w/ext. circumstances <sup>2</sup> (Manual underwriting only)

# Derogatory Credit Wait Periods

Rules for FHA, VA, USDA, Fannie, Freddie

	Fannie Mae	Freddie Mac	FHA	VA	USDA
Foreclosure	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a) (i) & (ii) <sup>1</sup>	4000.1 II.A.5.a.iii.(I) & 4000.1 II.A.4.b.iii.(I)	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	- 7 Years - 3 Years w/ext. circumstances 3-7-year requirements: - 90% LTV/CLTV/HCLTV max - Purchase – Principle Res only - Rate/Term – All occ types  Note: Foreclosures where the mortgage was included in the BK may be disregarded. Apply BK wait period only.	- 7 Years - 3 Years w/ext circumstances If within 7 yrs only the following are allowed: - Principle Res Purchase w/90% max LTV/CLTV/HCLTV - Rate/Term – All occ types without LTV limits  Note: Foreclosures where the mortgage was included in the BK may NOT be disregarded. Foreclosure wait periods apply. (Per Freddie Mac personnel.)	- 3 Years - 1 Year w/ext. circumstances (Manual underwriting)  Note: Foreclosures where the mortgage was included in the BK may NOT be disregarded. Foreclosure wait periods apply. (This is based on verbal explanations from FHA personnel. This is not written in the 4000.1 Handbook.)	- 2 Years - 1 Year w/ext. circumstances (Manual underwriting)  Note: Foreclosures where the mortgage was included in the BK may be disregarded. Apply BK wait period only. (This is based on verbal explanations from VA RLC personnel. This is not written in the Lender's Handbook.)	-3 Years - 1 yr. credit exception <sup>2</sup> (Manual underwriting)  Note: Foreclosures where the mortgage was included in the BK may be disregarded. Apply BK wait period only
Bankruptcy Chapter 7	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a)(i) & (ii) <sup>1</sup>	4000.1 II.A.5.a.iii.(H)(1) & 4000.1 II.A.4.b.iii.(F)	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	- 4 Year - 2 Years w/ext. circumstances	- 4 Years from discharge or dismissal - 2 Years w/ext. circumstances from discharge or dismissal	- 2 Years from discharge - 1 Year from discharge w/ext. circumstances (Manual underwriting only)	- 2 Years from discharge - 1 Year from discharge w/ext. circumstances (Manual underwriting only)	- 3 Years from discharge (Manual underwriting. GUS may allow shorter wait period.) - 1 Year from discharge w/ credit exception <sup>2</sup> (Manual underwriting only)
Bankruptcy Chapter 13  (Note: For conventional loans, note the difference in Dismissal vs. Discharge)	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a) (i) & (ii) <sup>1</sup>	4000.1 II.A.5.a.iii.(H)(2) & 4000.1 II.A.4.b.iii.(F)	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	<u>Using Dismissal Date:</u> NO Ext. Circumstances 4 Yrs. from <b>Dismissal</b> date <u>Using Dismissal Date</u> WITH Ext. Circumstances 2 Yrs. from <b>Dismissal</b> Date	<u>Using Dismissal Date:</u> NO Ext. Circumstances 4 Yrs. from <b>Dismissal</b> date <u>Using Dismissal Date:</u> WITH Ext. Circumstances 2 Yrs. from <b>Dismissal</b> Date	- 12 months into pay out with timely payments and permission from court (Manual underwriting)	- 12 months into pay out with timely payments and permission from court (Manual underwriting)	- 12 months into pay out with timely payments and permission from court (Requires GUS approval or the borrower must be eligible for a credit exception <sup>2</sup> .)

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<b>Bankruptcy Chapter 13 Continued</b>	<u>Using Discharge Date:</u> NO Ext. Circumstances - 2 Yrs. from <b>Discharge</b> Date  <u>Using Discharge Date:</u> <b>WITH</b> Ext. Circumstances - 2 yrs. from <b>Discharge</b> Date	<u>Using Discharge Date:</u> <b>NO</b> Ext. Circumstances 2 Yrs. from <b>Discharge</b> Date  <u>Using Discharge Date:</u> <b>WITH</b> Ext. Circumstances 2 yrs. from <b>Discharge</b> Date	- 2 Years from discharge required to allow (automated underwriting).		
<b>Multiple Bankruptcy Filings in the Last 7 Years</b>	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a)(i) & (ii) <sup>1</sup>	4000.1 II.A.5.a & I.A.4.b	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	- 5 Years if more than one filing within the past 7 Years  - 3 Years from the most recent discharge or dismissal date w/ext. circumstances	- 5 Years if more than one filing within the past 7 Years due to financial mismanagement. No additional wait period w/ext. circumstances	None required	None required	None required
<b>Short Sale</b>	Selling Guide B3-5.3-07	Selling Guide 5202.5 (a)(i) & (ii) <sup>1</sup>	4000.1 II.A.4.a.v; II.A.4.b.iii.(G); & II.A.5.a.iii.(J)	Lender's Handbook, Chap 4.07.c	3555-1 Chapter 10 Attachment 10-B
	- 4 Years  - 2 Years w/ext. circumstances	- 4 Years  - 2 Years w/ext. circumstances If within 7 yrs. only the following are allowed: - Principle Residence Purchase w/90% max LTV/CLTV/HCLTV - Rate/Term – All occ types without LTV limits	- 3 Years Exception if no late payments on mortgage or installment debt for 12 months prior to short sale.  - 1 Year w/extenuating circumstances	None required Underwriter may use 'adverse data' guidance which requires 12 months of satisfactory credit after event	- 3 Years Exception if no late payments on mortgage or installment debt for 12 months prior to short sale.  - 1 Year w/ credit exception <sup>2</sup>

## Derogatory Credit Wait Periods

Rules for FHA, VA, USDA, Fannie, Freddie

	Fannie Mae	Freddie Mac	FHA	VA	USDA
	Selling Guide B3-5.3-03	Selling Guide 5202.5	4000.1 II.A.4.b.(K)	Lender's Handbook, Chap 4, 8-c	3555-1 Chapter 10.7 A
Late Mortgage Payments	12 months since the last 60-, 90-, 120-, or 150-day mtg delinquency	<p><u>Borrowers with no credit scores:</u> 12 months with no mtg lates.</p> <p><u>Borrowers with credit scores:</u> 12 months with no more than one 30-day late housing AND 2 years with no more than two 30-day or more than one 60-day late housing payments.</p>	<p><u>Purchase and No-Cash Refi (TOTAL):</u> 12 months with no more than</p> <ul style="list-style-type: none"> <li>3 late payments of &gt; than 30 Days;</li> <li>one or more late payments of 60 Days plus one or more 30-Day late payments; or</li> <li>one payment greater than 90 Days late.</li> </ul> <p><u>Cash-Out Refi (TOTAL):</u> 12 months with no late mtg payments.</p> <p><u>Manual Underwriting:</u> 12 months with no late mtg payments.</p>	12 months with no more than 1 30-day mtg late.	12 months with no more than 1 30- day late mtg payment unless documented extenuating circumstances have been resolved for at least 12 months OR the new loan will reduce the housing expense by 50% or more.

<sup>1</sup> Wait periods for Freddie Mac are for manually underwritten loans only. LPA automated underwriting has no stated wait periods.

<sup>2</sup> USDA-A credit exception may be granted for either extenuating circumstances or if the new loan would provide a housing expense reduction of 50% or more.

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