

# 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 Chap 10 Attchmt 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 Chap 10 Attchmt 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 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)

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	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 Chap 10 Attchmt 10-B
<b>Foreclosure</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
	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 Chap 10 Attchmt 10-B
<b>Bankruptcy Chapter 7</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)
	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 Chap 10 Attchmt 10-B
<b>Bankruptcy Chapter 13</b>	- 2 Years from discharge date or	- 2 Years from discharge date or	- 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

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	- 4 Years from dismissal date with ext circumstances:  - 2 Years from discharge or dismissal date	- 4 Years from dismissal date with ext circumstances:  - 2 Years from discharge or dismissal date	- 2 Years from discharge required to allow automated underwriting.		borrower must be eligible for a credit exception <sup>2</sup> .)
<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 & 4000.1 II.A.4.b	Lender's Handbook, Chap 4.07.c	3555-1 Chap 10 Attchmt 10-B
	- 5 Years if more than one -ling 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>		Lender's Handbook, Chap 4.07.c	3555-1 Chap 10 Attchmt 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/ext 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>

<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> 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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