

FHA Derogatory Credit Wait Periods

Event Type	Wait Period - No Extenuating Circumstance	Wait Period - With Extenuating Circumstance* Requires downgrade to manual underwrite
	DU/TOTAL	Manual Underwrite
Bankruptcy Chapter 7 & 11	<p>≥ 2 years from discharge (measured from event end date to case number assignment) If < 2 years must be downgraded to manual underwrite</p>	<p>< 2 years from discharge 12 – 24 months eligible subject to:</p> <ul style="list-style-type: none"> • Documented extenuating circumstances, and • Borrower has re-established good credit, or • Borrower has chosen not to incur new credit obligations <p>NOTE: < 12 months ineligible</p>
Bankruptcy Chapter 13	<p>≥ 2 years from discharge or dismissal (measured from event end date to case number assignment) If < 2 years must be downgraded to manual underwrite</p>	<p>< 2 years eligible subject to:</p> <ul style="list-style-type: none"> • A minimum of 1-year of pay-out has occurred, and • All required payments have been made on time, and • Written permission from the bankruptcy court to enter into a mortgage loan, and • The event that led to the bankruptcy is not likely to recur
Foreclosure/ Deed-in-Lieu	<p>≥ 3 years (measured from date of title transfer to case number assignment)</p>	<p>Less than 3 years eligible if:</p> <ul style="list-style-type: none"> • Documented extenuating circumstance, and • Borrower has re-established good credit, or • Borrower has chosen not to incur new credit obligations
Short Sale/ Pre-foreclosure	<p>≥ 3 years (measured from date of title transfer to case number assignment)</p>	<p>Less than 3 years eligible if:</p> <ul style="list-style-type: none"> • Documented extenuating circumstance, and • Borrower has re-established good credit
Short Sale - Current at time of sale	<p>≥ 3 years (measured from date of title transfer to case number assignment)</p>	<p>Wait period is waived if: Borrower has made all of the payments below within the month due in the 12 months preceding the short sale (i.e. 0x30 in 12 months):</p> <ul style="list-style-type: none"> • Mortgage payments, and • Installment payments

*HUD defines extenuating circumstances as an event outside the borrower's control such as serious illness or the death of a wage earner.

Divorce or inability to sell the property including when trying to sell due to job transfer or relocation are **not** considered an extenuating circumstance.