

Credit Requirements by Program

Guidelines are subject to change and investor-specific overlays. Refer to <http://www.allregloanlibrary.com/> for details.

	Bankruptcy	Foreclosure	Deed-in-Lieu	Short Sale or Short Refi
FHA Credit requirements are covered in FHA Handbook 4155.1, Chapter 4, Section C	<p><u>Chapter 7</u>: Borrowers are eligible 2 years from discharge with no new adverse credit. Less than 2 years but not less than 12 months from discharge may be allowed when:</p> <ul style="list-style-type: none"> • extenuating circumstances beyond the borrower's control can be documented, and • the borrower has since demonstrated an ability to manage his/her financial affairs in a responsible manner <p><u>Chapter 13</u>: Eligible after 12 months acceptable payments, with permission of the court</p>	<p>Financial mismanagement - 3 years from completion date</p> <p>Extenuating circumstances - If the foreclosure was the result of documented extenuating circumstances that were beyond the control of the borrower and the borrower has reestablished good credit since the foreclosure, the lender may grant an exception to the three-year requirement. Extenuating circumstances include serious illness or death of a wage earner, but do not include the inability to sell the house because of a job transfer or relocation to another area.</p>	<p>Same as Foreclosure requirements</p>	<p>A borrower is not eligible for a new FHA-insured mortgage if s/he pursued a short sale agreement on his or her principal residence simply to</p> <ul style="list-style-type: none"> • Take advantage of declining market conditions, and • Purchase at a reduced price a similar or superior property within a reasonable commuting distance. <p>Borrowers Current at the time of Short Sale: A borrower is considered eligible for a new FHA-insured mortgage if, from the date of loan application for the new mortgage</p> <ul style="list-style-type: none"> • all mortgage payments due on the prior mortgage were made within the month due for the 12 month

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				<p>period preceding the short sale, and</p> <ul style="list-style-type: none"> • All installment debt payments for the same time period were also made within the month due. <p>Borrowers in Default at the time of Short sale: A borrower in default on his or her mortgage at the time of the short sale (or pre-foreclosure sale) is not eligible for a new FHA-insured mortgage for three years from the date of the pre-foreclosure sale.</p> <p><i>Note: A borrower who sold his or her property under FHA's pre-foreclosure sale program is not eligible for a new FHA mortgage from the date that FHA paid the claim associated with the pre-foreclosure sale.</i></p>

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<p>Fannie Mae (updated to reflect SEL-2010-08)</p> <p>Credit requirements are covered in FNMA Selling Guide section B3-5.3-07</p>	<p><u>Multiple BK's (any type) in last 7 years</u> – 5 years from most recent dismissal or discharge date</p> <p><u>Chapter 7</u> Extenuating Circumstances – 2 years from discharge Financial Mismanagement – 4 years from discharge</p> <p><u>Chapter 13</u> Extenuating Circumstances – 2 years from discharge or dismissal Financial Mismanagement – 2 years from discharge or 4 years from dismissal</p>	<p>Extenuating Circumstances – 3 years from completion date. Additional requirements apply after 3 years, up to 7 years following completion date:</p> <ul style="list-style-type: none"> • The purchase price of a principal residence is permitted with a minimum 10% down payment 680 credit score • Purchase of a second home or investment property is not permitted • Limited cash-out refinances are permitted for all occupancy types • Cash-out refinances are not permitted for any occupancy type <p>Financial Mismanagement - 5 year time period from completion date.</p>	<p>Extenuating Circumstances - 2 year time period from completion date and 90% maximum LTV Additional requirements apply after 2 years up to 7 years following the completion date:</p> <ul style="list-style-type: none"> • Borrower may purchase a property secured by a principal residence second home or investment property with the greater of 10% minimum down payment or the minimum down payment required for the transaction • Limited cash out and cash out refinance transactions secured by a principal residence, second home or investment property are permitted pursuant to the eligibility 	<p>Extenuating Circumstances - 2 year waiting period and 90% maximum LTV*</p> <p>Financial Mismanagement, all occupancy types –</p> <ul style="list-style-type: none"> • 2 years - 80% max LTV* • 4 years – 90% max LTV* • 7 years – LTV ratios per <u>Eligibility Matrix</u> are allowed. <p>* or the maximum LTV per the <u>eligibility matrix</u>, whichever is less</p>

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		<p>Additional requirements apply after 5 years up to 7 years following completion date:</p> <ul style="list-style-type: none"> • Same as above but a primary residence purchase with a 10% down payment requires a 680 score. <p>Pre-Foreclosure Sale –</p> <ul style="list-style-type: none"> • 2 years - 80% max LTV* • 4 years – 90% max LTV* • 7 years – LTV ratios per <u>Eligibility Matrix</u> are allowed. <p>* or the maximum LTV per the <u>eligibility matrix</u>, whichever is less</p>	<p>requirements in effect at that time.</p> <p>Financial Mismanagement – 4 year time period from completion date (date deed-in-lieu was executed).</p> <ul style="list-style-type: none"> • Additional requirements listed above apply after 4 years up to 7 years from the completion date. 	
<p>Freddie Mac (updated to reflect bulletin 2010-23) Credit requirements are covered in</p>	<p><u>Multiple BK's (any type) in last 7 years</u> – 60 months from the most recent discharge or dismissal</p> <p><u>Chapter 7</u> Extenuating Circumstances: 24</p>	<p>Extenuating Circumstances: 36 months from the completion date</p> <p>Financial Mismanagement – 7 years (2/11) from</p>	<p>Extenuating Circumstances – 24 months from execution date, all occupancy types</p> <p>Financial Mismanagement – 48 months from execution</p>	<p>Extenuating Circumstances – 24 months, all occupancy types</p> <p>Financial Mismanagement – 48 months and the</p>

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FHLMC Selling Guide Chapter 37	<p>months from discharge or dismissal date</p> <p>Financial Mismanagement: 4 years from discharge or dismissal date</p> <p><u>Chapter 13</u></p> <p>Extenuating Circumstances: 2 years from discharge or dismissal date</p> <p>Financial Mismanagement: 2 years from discharge or 48 months from dismissal date</p>	<p>completion date, and the transaction is limited to:</p> <ul style="list-style-type: none"> • primary residence purchase, max 90% LTV (or product maximum, if lower) • no cash out refinance • Cash out refinances are not allowed. 	<p>date and the transaction is limited to:</p> <ul style="list-style-type: none"> • primary residence purchase, max 90% LTV (or product maximum, if lower) • no cash out refinance • Cash-out refinances are not allowed. 	<p>transaction is limited to:</p> <ul style="list-style-type: none"> • primary residence purchase, max 90% LTV (or product maximum, if lower) • no cash out refinance • Cash-out refis are not allowed.
<p style="text-align: center;">USDA</p> <p>Credit requirements are covered in RHS Policies and Procedures Part 1980-D, subpart 1980.302</p>	<p><u>All types of BK</u>: 36 months from discharge</p> <p>Extenuating circumstances – considered case-by-case with waiver by USDA.</p>	<p>36 months from the completion date</p> <p>Extenuating circumstances – considered case-by-case with waiver by USDA.</p> <p>Pre-foreclosure sale – 12 months seasoning at application</p>	<p>Same as Foreclosure requirements</p>	<p>May be eligible after 3 years. Waiver required from USDA.</p>
<p style="text-align: center;">VA</p> <p>Credit requirements are covered in the VA Lender's Handbook, Chapter 4</p>	<p><u>Chapter 7</u>: 2 years from discharge is required.</p> <p>Exceptions: If the bankruptcy was discharged within the last 1 to 2</p>	<p>2 years from the completion date</p> <ul style="list-style-type: none"> • Develop complete information on the 	<p>Same as Foreclosure requirements</p>	<p>Short sale or refi – not VA property: If the veteran's credit was good before the short sale or short refi, the VA will not hold it against the</p>

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	<p>years, we can consider case-by-case provided that:</p> <ul style="list-style-type: none"> • the applicant or spouse has obtained consumer items on credit subsequent to the bankruptcy and has satisfactorily made the payments over a continued period, and • The bankruptcy was caused by circumstances beyond the control of the applicant or spouse such as unemployment, prolonged strikes, medical bills not covered by insurance, and so on, and the circumstances are verified. Divorce is not generally viewed as beyond the control of the borrower and/or spouse. <p>If the bankruptcy was caused by failure of the business of a self-employed applicant, it may be possible to determine that the applicant is a satisfactory credit risk if</p>	<p>facts and circumstances of the foreclosure.</p> <ul style="list-style-type: none"> • Apply the guidelines provided for bankruptcies filed under the straight liquidation (chapter 7) and discharge provisions of the bankruptcy law. <p>If the foreclosure was on a VA loan, the applicant may not have full entitlement available for the new loan. Ensure that the applicant's Certificate of Eligibility reflects sufficient entitlement to meet any secondary marketing requirements of the lender.</p> <p>From: VA Lender's Handbook Chapter 4, 7-f</p>		<p>veteran. If there were credit issues in the 12 months before the short sale or short refi, scenarios must be considered case-by-case. VA has not received clear direction on this yet.</p> <p>Short sale or refi – VA property: In addition to above, check the VA Certificate of Eligibility for any restrictions or adjustments.</p>

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	<ul style="list-style-type: none"> - the applicant obtained a permanent position after the business failed, - there is no derogatory credit information prior to self-employment, - there is no derogatory credit information subsequent to the bankruptcy, and - Failure of the business was not due to the applicant's misconduct. <p><u>Chapter 13</u>: Allowed after 12 months of satisfactory payments with the permission of the Trustee or the Bankruptcy Judge</p>			