

Regarding Time-Frame for Re-establishing Credit due to Bankruptcy and Foreclosure...

Bankruptcy.....

Topic	Minimum Time Requirements for Re-establishing Credit
Bankruptcy (All except Chapter 13)	4-year time period applied from either the discharge or dismissal date
Chapter 13 Bankruptcy	<ul style="list-style-type: none"> • 2-year time period from the discharge date, or • 4-year time period from the dismissal date
Exceptions for Extenuating Circumstances – All Bankruptcy Actions	2-year time period from the discharge or dismissal date NOTE: No exception to the 2-year time period permitted with Chapter 13 bankruptcy.
Multiple Bankruptcy Filings	5-year time period from most recent dismissal or discharge date required for borrowers with more than one bankruptcy filing within the past 7 years
Exceptions for Extenuating Circumstances – Multiple Bankruptcy Filings	3-year time period from the most recent discharge or dismissal date NOTE: The most recent bankruptcy filing must have been the result of extenuating circumstances.

New Foreclosure Policies.....

Topic	Minimum Time Requirements for Re-establishing Credit
Foreclosure	5-year time period from completion date Additional requirements apply after 5 years and up to 7 years following completion date: <ul style="list-style-type: none"> • The purchase of a principal residence is permitted with a minimum 10 percent down payment and minimum representative credit score of 680 • Purchase of a second home or investment property is not permitted • No cash out refinances are permitted for all occupancy types pursuant to the eligibility requirements in effect at that time • Cash-out refinance are not permitted for any occupancy

	type
Exceptions for Extenuating Circumstances- Foreclosure	<p>3-year time period from completion date</p> <p>Additional requirements apply after 3 years and up to 7 years following completion date:</p> <ul style="list-style-type: none"> • Same as those listed under the Foreclosure topic except the minimum 680 credit score is not required
Deed-in-Lieu of Foreclosure	<p>4-year time period from completion date (date deed-in-lieu executed)</p> <p>Additional requirements apply after 4 years and up to 7 years following 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 percent minimum down payment or the minimum down payment required for the transaction. • No cash out and cash out refinance transactions secured by a principal residence, second home, or investment property are permitted pursuant to the eligibility requirements in effect at that time
Exceptions for Extenuating Circumstances – Deed-in-Lieu of Foreclosure	<p>2-year time period from completion date</p> <p>The same additional requirements noted above for deed-in-lieu apply after 2 years and up to 7 years following completion date.</p>
Time Period After Pre-foreclosure Sale	<p>2-year time period from completion date</p> <p>NOTE: No exceptions are permitted to the 2-year time period due to extenuating circumstances.</p>

Disposition of Current Primary Residence Changes.....

(i.e...leasing out current home and purchase of 2nd home)

Disposition of Current Primary Residence	Additional Qualifying Requirements
Current primary residence is pending sale but the transaction will not be closed (with title transfer to a new owner) prior to the	Payments for both properties must be used to qualify the borrower.

closing on the new primary residence	
Converting current primary residence to a second home	<ul style="list-style-type: none"> • Payments for both properties must be used to qualify the borrower; and • 6 months PITI reserves are required for both properties. <p>NOTE: Correspondents may consider reduced reserves of no less than 2 months for both properties if there is documented equity of at least 30 percent the existing property (derived from an appraisal or automated valuation model, minus outstanding liens).</p>
Converting current primary residence to an investment property	<ul style="list-style-type: none"> • Up to 75 percent of the rental income may be used to offset the mortgage payment in qualifying if there is documented equity of at least 30 percent in the existing property (derived from an appraisal or automated valuation model, minus outstanding liens) • The rental income must be documented with: <ul style="list-style-type: none"> • A copy of the fully executed lease agreement; and • The receipt of the security deposit from the tenant and deposit into the borrower's account • If the 30 percent equity in the property cannot be documented, rental income may not be used to offset the mortgage payment: <ul style="list-style-type: none"> • Payments for both properties must be used to qualify the borrower; and • 6 months PITI reserves are required for both properties.