

# Path to Recovery Comparison

## Buying a home after a short sale, foreclosure, or bankruptcy



Conventional Agency	
Short Sale Deed-In-Lieu of Foreclosure	4 years from completion date. If extenuating circumstances exist: <ul style="list-style-type: none"> <li>• DU®: 2 years from completion date</li> <li>• LPA®: 2 years from completion date on Owner-Occupied Purchase or Non Cash-Out Refinance only, max 90% LTV or max LTV per program</li> </ul>
Bankruptcy: Chapter 7 or 11	4 years from discharge or dismissal date. If extenuating circumstances exist, 2 years from discharge or dismissal date.
Bankruptcy: Chapter 13	4 years from dismissal date (borrower did not complete the Chapter 13 plan) or 2 years from discharge date. If extenuating circumstances exist, 2 years from discharge or dismissal date.
Multiple Bankruptcy Filings within the last 7 years	5 years from the most recent discharge date or dismissal date. If extenuating circumstances exist, 3 years from discharge or dismissal date
Foreclosure	7 years from completion date of foreclosure action as reported on the credit report or other foreclosure documents.* If mortgage debt has been discharged through bankruptcy, even if a foreclosure action is subsequently completed to reclaim the property in satisfaction of the debt, the borrower is held to the bankruptcy waiting periods and not the foreclosure waiting period. If extenuating circumstances exist, 3 years from the completion date of foreclosure action as reported on the credit report or other foreclosure documents.* Purchase: 90% or program limit, owner occupied only. Refinance: Limited cash-out only, all occupancy types. *Other restrictions may apply. See underwriting guidelines and mortgage insurance company guidelines (if applicable) for complete details.
FHA	
Short Sale	3 years from date of sale; borrowers who sold their property under the FHA pre-foreclosure sale (or short sale) program are not eligible for 3 years from the date that FHA paid the claim associated with the pre-foreclosure sale. A borrower is considered eligible for a new FHA-insured mortgage if, from the date of loan application for the new mortgage, all mortgage payments on the prior mortgage were made within the month due for the 12-month period preceding the short sale, and installment debt payments for the same time period were also made within the month due. A borrower in default on his/her mortgage at the time of the short sale (or pre-foreclosure sale) is not eligible for a new FHA-insured mortgage for 3 years from the date of the pre-foreclosure sale.
Deed-In Lieu of Foreclosure, Foreclosure	3 years from completion date or the date FHA paid a claim associated with the mortgage, if any. If the result of documented extenuating circumstances that were beyond the control of the borrower and the borrower has re-established good credit, an exception to the 3-year requirement may be considered.
Previously modified loan (any principal forgiveness or conversion of any portion to unsecured subordinate financing)	The refinance of a previously modified loan is allowed. The type of refinance that is eligible will depend on the payoff of the loan being refinanced. The outstanding balance of a modified loan may reflect amounts previously added to the loan balance to facilitate loss mitigation. Eligibility: a. Streamline Refinance: Eligible as long as the new loan amount is calculated as required for a Streamline Refinance; the new loan amount may not exceed the lesser of the original loan amount or the outstanding principal balance (including current interest due and up to 2 months MIP as reflected on the payoff statement) plus financed UFMIP b. Rate/Term or Simple Refinance: Eligible if the pay-off does not include deferred interest, principal or other items ineligible for inclusion in Rate/Term or Simple Refinance c. Cash-Out Refinance: Eligible All other standard FHA guidelines per type of refinance apply.
Bankruptcy: Chapter 7 or 11	2 years from discharge or dismissal date with re-established credit. If extenuating circumstances exist, 1 year from discharge may be acceptable if the borrower documents extenuating circumstances beyond his or her control and now exhibits a documented ability to manage financial affairs in a responsible manner.
Bankruptcy: Chapter 13	An open Chapter 13 bankruptcy does not disqualify a borrower from obtaining an FHA mortgage provided the lender documents that 1 year of the payout period under the bankruptcy has elapsed and the borrower's payment performance has been satisfactory (i.e., all required payments made on time). In addition, the borrower must receive permission from the court to enter into the mortgage transaction.* *For borrowers with a discharged Chapter 13 bankruptcy refer to FHA Guidelines for requirements.

USDA	
Short Sale	3 years from completion date
Deed-In-Lieu of Foreclosure, Foreclosure	3 years from completion date
Previously restructured loan (any principal forgiveness or conversion of any portion to unsecured subordinate financing)	Not allowed
Refinance of previously modified loans (no principal forgiveness)	3 years from completion date
Bankruptcy: Chapter 7 or 11	3 years from discharge or dismissal date
Bankruptcy: Chapter 13	1 year from discharge or dismissal date
VA	
Short Sale	2 years from completion date. If extenuating circumstances exist, 12 months from completion date with re-established credit.
Deed-In-Lieu of Foreclosure, Foreclosure	<i>Note: If the occurrence was on a VA loan, the veteran may not have full entitlement available for the new loan.</i>
Bankruptcy: Chapter 7 or 11	2 years from discharge or dismissal date. If extenuating circumstances exist, 12 months from discharge or dismissal date with re-established credit. If bankruptcy was result of a business failure, provide evidence that: <ul style="list-style-type: none"> <li>• Applicant obtained permanent position after business failure</li> <li>• No derogatory credit prior to self-employment</li> <li>• No derogatory credit subsequent to bankruptcy</li> </ul>
Bankruptcy: Chapter 13	A minimum of 12 months of payments have been made, all payments have been paid satisfactorily, and Trustee or Bankruptcy Judge has approved.

*Note: See Agency or Program Guidelines for complete details on requirements for extenuating circumstances, FHA/USDA Streamline, and VA IRRRLs as they may have different requirements. Plaza's programs neither originate from nor are expressly endorsed by any government entity.*



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