



How long do potential buyers need to wait after a bankruptcy, foreclosure or short sale before obtaining financing?

This is a frequent question these days. Below is a summary by loan type of the waiting period to obtain financing post a BK, Foreclosure or Short Sale.

CONVENTIONAL

Chapter 7 Bankruptcy	• 4 years from discharge date
Chapter 13 Bankruptcy	• 2 years from discharge date
Foreclosure	• 4 years from completion date
Deed-In-Lieu of Foreclosure	• 4 years from completion date
Short Sale	• 2 years from completion date

FHA

Chapter 7 Bankruptcy	• 2 years from discharge date
Chapter 13 Bankruptcy	• 1 year of the payout must elapse & payment performance must be satisfactory – buyer must receive permission from the court to enter into a mortgage
Foreclosure	• 3 years from completion date
Short Sale	• 1 year from completion date if the borrower was current at the time of the short sale and all installment payments for a 12 month period • 3 years from completion date if in default at time of short sale

VA

Chapter 7 bankruptcy	• 2 years from discharge date
Chapter 13 Bankruptcy	• 1 year of the payout must elapse and payment performance must be satisfactory – buyer must receive permission from the court to enter into a mortgage
Foreclosure	• 2 years from completion date
Short Sale	• No specific information on this yet, assume foreclosure rule of 2 years

USDA Rural

Bankruptcy (Ch 7 and 13)	• 3 years from discharge date
Foreclosure	• 3 years from completion date
Short Sale	• No specific information on this yet, assume foreclosure rule of 3 years



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