

Conventional Credit Guidelines:

Major derogatory includes bankruptcy, foreclosure, deed-in-lieu of foreclosure, and short sale (pre-foreclosure sale) activity. Major derogatory will be closely reviewed to determine if a credit history has been re-established or if extenuating circumstances exist.

* A minimum credit score of 640.

Derogatory Event Waiting	Waiting Period Requirements	Waiting Period - Extenuating Circumstances
Bankruptcy — Chapter 7 or 11	4 years	2 years
Bankruptcy — Chapter 13	2 years from discharge date 4 years from dismissal date	2 years from discharge date 2 years from dismissal date
Multiple Bankruptcy Filings	5 years if more than one filing within the past 7 years	3 years from the most recent discharge or dismissal date
Foreclosure	7 years	3 years — 90% maximum LTV
Deed-in-Lieu of Foreclosure and Pre-foreclosure (Short) Sale	<ul style="list-style-type: none"> • 2 years — 80% maximum LTV • 4 years — 90% maximum LTV • 7 years — LTV ratios per the Eligibility Matrix 	3 years — 90% maximum LTV

** Maximum LTVs are the lesser of the maximum listed above or as required for the product type

Restructured or Modified Loans – Other Owned Property: If the borrower owns other property where the lien/note has been restructured or modified by the lender/servicer, then in order to be considered for financing for a new property, the borrower must meet the pre-foreclosure (short) sale guidelines outlined above. The new property must be owner occupied.

IMPORTANT REMINDER: If the subject property has a lien that has been restructured or otherwise modified, it is not eligible for refinancing with Fannie Mae/SWBC.

FHA Credit Guidelines

Chapter 7 Bankruptcy: To be eligible after filing for Chapter 7 Bankruptcy, at least 24 months should have elapsed from the discharge date and the borrower re-established credit.

- If less than two years has elapsed from the discharge date, the underwriter may consider as a manual underwrite for approval. A letter of explanation from the borrower is required. The underwriter must determine that the reasons for bankruptcy were beyond the borrower's control and are not likely to reoccur. A re-established credit history must be documented demonstrating the borrower's ability to handle his/her financial affairs.
- A bankruptcy discharged less than one year is not eligible.

Chapter 13 Bankruptcy: To receive an Accept recommendation through the TOTAL Scorecard, at least 2 years must have elapsed from the completion date of the Chapter 13 Bankruptcy.

- If at least one year of the payout period has been completed and evidence is provided of satisfactory performance, the underwriter may consider as a manual underwrite for approval. A letter of explanation from the borrower is required. The underwriter must determine that the reasons for the bankruptcy are not likely to reoccur. The borrower must obtain written permission from the court to enter into the mortgage transaction.

Consumer Credit Counseling: At least 12 months of the payout period must have been satisfactorily completed. All required payments MUST have been made on time. The borrower must receive written permission from the counseling agency to enter into the mortgage transaction.

Judgments: Court ordered judgments must be paid off before the mortgage loan is eligible for FHA endorsement.

Collections: The underwriter will evaluate and make the determination as to whether or not collection accounts must be paid.

Foreclosure/Deed-in-Lieu/Short Sales: If the borrower has had a previous residence that was foreclosed on, sold through a short sale or has given a deed-in-lieu of foreclosure with in the most recent three years, they are not eligible except as follows:

- Extenuating circumstances beyond the control of the borrower are documented. Extenuating circumstances may include serious illness or death of a wage earner. The borrower must have re-established good credit since the foreclosure.

- Divorce is not considered as an extenuating circumstance. However, the situation in which a borrower whose loan was current at the time of a divorce in which the ex-spouse was awarded the property and the loan was later foreclosed qualifies as an exception.
- The inability to sell the property due to a job transfer or relocation does not qualify as an extenuating circumstance.
- FHA waivers for short sales are not allowed (i.e. ML 09-52).