



Mortgage Options

After a Bankruptcy

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Cherry Creek Mortgage

Saving the HOME

First Options

FHA Secure

- Delinquencies due to Rate Adjustment allowed
- Must be Conventional to FHA
- Standard FHA LTV applies for the 1st MTG
- Unlimited CLTV – must get subordination from lien holder
- MIP increases to 2.25% with .55% monthly if currently delinquent

Moratorium on Foreclosures

- Currently several Lenders have announced that they will suspend foreclosures for a period of 60 – 90 days for restructuring of their current loans
- Working out new agreements is NOT guaranteed

Short Sale

The Good and the Bad

➤ The Good

- Can purchase a home sooner
- Credit Score is less damaged
- Can negotiate no responsibility on deficiency

➤ The Bad

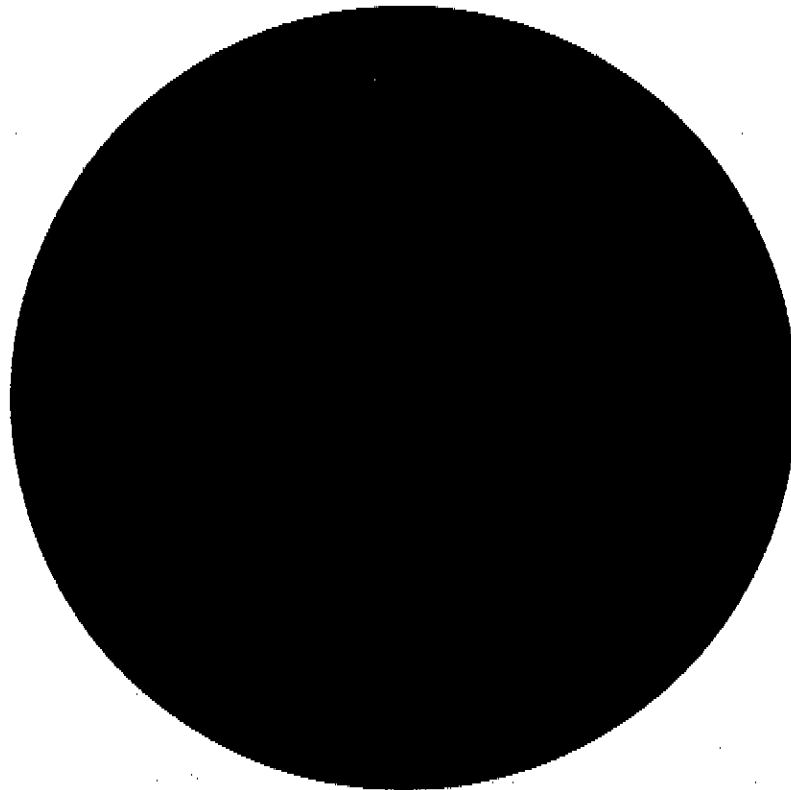
- Can be liable for the deficiency and receive a 1099C
- If over 120 days delinquent then Lenders can look at this as a foreclosure
- Most Lenders require customers to be over 60 days delinquent before they will negotiate

Credit Repair

- Request a free credit report from each of the 3 agencies
- Send a copy of the BK papers with schedules to the 3 credit reporting companies requesting the trade lines be updated
- Follow up to make sure that all trade lines are reporting as “included in BK” and balances are now “o”
- Any loans that have been reaffirmed must stay in excellent standing



What Makes Up Your Credit Score



- Length of History
15%
- Types of Credit
10%
- Balances
30%
- New Credit
10%
- Payment History
35%

Credit Score Components

Healthy Mix

example:

- Two installment loans with balances
- Three revolving with balances less than 30%
- No collections, late payments or public records
- Accounts with long payment history and no balance



Effective Dates for Delinquencies

Chapter 7 & 11	10 Years from filing date
Chapter 13	7 Years from filing date
Tax Liens	10 Years from date satisfied
Collections	7 Years
Late Payments	7 Years
Charge-offs	7 Years from 1st late pay
Judgments	7 Years or S.O.L.

FHA

Purchasing and Refinance Options

- Can purchase while still in a Chap 13 as long as payments have been on time and you can get permission from the courts
 - If trying to charge off a second on your property then the Chap 13 must be complete
- On a Chap 7 you can obtain a new mortgage loan 2 years after discharge unless you have included a home in the BK which will delay your ability to purchase a home to 3 yrs after discharge
- Reestablishment of credit is required
 - Need 3 trade lines plus acceptable rental history
 - Can be non-traditional credit references
- 2 year stable history of employment

Conventional

Purchase and Refinance Options

- Standard time frame is 4 years after discharge, but there are some specialty programs will allow 3 years
- Reestablishment of credit
 - Minimum of 3 trade lines but none can be non-traditional
 - Minimum of 24 month history on open acceptable trade lines
 - 2 yr acceptable history of employment
 - 2 yr acceptable rental history