



Don Parsons *Mortgage Education Center*



Fannie Mae vs Freddie Mac Waiting Periods for Derogatory Credit

(Effective June 2011)

Derogatory Event	FANNIE MAE		FREDDIE MAC	
	Waiting Period Requirements	Waiting Period with Extenuating Circumstances	Waiting Period Requirements Credit Score 680	Waiting Period with Extenuating Circumstances
Bankruptcy Chapter 7 or 11	4 years	2 years	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	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	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 3 years up to 7 years: 90% maximum LTV ratios Purchase, principal residence Limited cash-out refi, all occupancy types	7 years	3 years

See back of this page for more details

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Deed-in-Lieu Preforeclosure Short Sale	2 years – 80% maximum LTV ratios * 4 years – 90% maximum LTV ratios * 7 years – LTV * ratios per the Eligibility Matrix	2 years – 90% maximum LTV ra- tios	4 years	years
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* **Also Includes:** LTV – Loan to Value
 CLTV – Combine Loan-to-Value
 HCLTV – Home Equity Loan-to-Value

<p><u>Additional Fannie Rules:</u></p> <p>The maximum LTV ratios permitted are the lesser of the LTV ratios in this table or the maximum LTV ratios for the transaction per the Eligibility Matrix.</p> <p><u>Additional Freddie requirements for Financial Mismanagement & Manually Underwritten Loans:</u></p> <ul style="list-style-type: none"> Must re-establish credit 24 months – must have housing payment history Must be current on all credit (24 months) – even with extenuating circumstances No significant adverse or derogatory credit <ul style="list-style-type: none"> No new derogatory public record No 60 day lates No more than 2x 30 day lates No housing lates Limited revolving debt utilization Borrower Explanation leading to reasonable conclusion that borrower has re-established an acceptable credit reputation Third-party documentation confirming events All Bankruptcy documents – petition, schedule of debts, discharge or dismissal – evidence all debts satisfied or are being paid All foreclosure, deed-in-lieu, or short-sale documents within last 7 years – evidence of completion Limited to purchase or no cash-out transactions

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