

Life After Bankruptcy – How Long Until I Will Be Able to Buy a House Again?

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Much of the time I spend with clients is helping them understand the bankruptcy process. However, I do try and help clients understand the consequences of bankruptcy and in doing so one of the first questions I get is how many years must go by before it is possible to get a home loan. You can plan on the bankruptcy filing remaining on your credit report for 10 years. However, it is not a sentence of no credit for 10 years.

Recently I was invited by Debbie Flinn of Bell Mortgage (www.debbieflinn.com) to speak with her to a group of Realtors. She had a handout that outlined how long buyers must wait before obtaining financing after a bankruptcy, foreclosure, deed-in-lieu of foreclosure, and a short sale. It was a great handout and was full of information that everyone going through bankruptcy wants to know. Here is a recreation of her handout:

	<u>Conventional</u>	<u>FHA</u>	<u>VA</u>
Chapter 7 Bankruptcy	4 years from discharge or dismissal date.	2 years from discharge or dismissal date with exception for extenuating circumstances.	2 years from discharge or dismissal date.
Chapter 13 Bankruptcy	2 years from discharge date or 4 years from dismissal date.	1 year of the chapter 13 payout must have elapsed with on time payments.	1 year of the chapter 13 payout must have elapsed with on time payments.
Foreclosure	7 years from completion date.	3 years from completion date.	2 years from completion date.
Deed-in-Lieu of Foreclosure	4 years from completion date.	3 years from completion date.	2 years from completion date.
Short Sale	2 years 80% max LTV 4 years 90% max LTV 7 years Max LTV allowed	1 year from sale date if there were no late payments, otherwise 3 years from sale date.	2 years from sale date.
Consumer Credit Counseling		1 year of payout must have elapsed with timely payments.	1 year of payout must have elapsed with timely payments.

As you can see, while bankruptcy definitely has negative consequences, it is possible to turn your financial life around and even buy a home again in a relatively short period of time. Something I thought was interesting is that consumer credit counseling, or settling your debts has pretty much the same

consequence but you don't get all the added tools and power of the bankruptcy court that a chapter 13 provides.

I offer a free bankruptcy consultation where we can discuss your specific situation and determine if bankruptcy is a good option for you.

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