

**Credit**

**Indicators of unacceptable credit:**

- Foreclosure within 3 years:
  - Including pre-foreclosure activity, such as a pre-foreclosure sale or short sale in the previous 3 years;
- CH 7 Bankruptcy must be discharged for a minimum of 3 years. If the CH 7 absolved a mortgage debt, the applicant is not considered legally liable to repay unless the debt was reaffirmed. Foreclosure action post BK is considered against the property, not the applicant. Proof of foreclosure action completed will be needed to show the borrower has no legal interest in a property.
- CH 13 Bankruptcy
  - Plan in progress – Confirm all payments for the CH 13 are included on the Liabilities section of the application.
  - Declarations section of 1003 must be marked correctly
  - GUS may provide an Approve/Eligible. If this occurs, no downgrade will be required.
  - Plan in Progress – Manual determination by GUS Lender must document 12 months of repayment has elapsed, all payments have been made on time and written permission to proceed with mortgage transaction has been provided by court/trustee.
  - Completed Plan – GUS Accept – no further credit exception is needed
  - Complete Plan – Manual determination by GUS – Plans completed 12 months prior to loan application require not further documentation. Plans completed prior to a full 12 months seasoning of the CH 13 will require proof of payment history for the full repayment time frame.

All previous Bankruptcy within the most recent 7 years will require a full set of the BK papers to include ALL schedules and discharge.  
 Dates are measured by discharge or dismissal date until date of application.