

Buying a Home after bankruptcy

After Bankruptcy – Yes you can purchase a home!

Will you be able to buy a home after a bankruptcy? Absolutely. The average waiting period from mortgage lenders after bankruptcy is 2 years. As long as you stay on top of all your payments and do not over extend yourself, you will eventually be able to get a mortgage approved after bankruptcy. It can take some time, but there are strategies you can use to accelerate your credit repair and get a mortgage approved sooner.

After Bankruptcy – Start by repairing your credit

The first thing to do is to repair your credit. Start by making your own concise budget, making sure you account for every expense. This will ensure that your expenses are not greater than your income. This is the first step towards a good repayment track. Secondly, you will have to go over your credit report and check it for accuracy. Some companies offer a “Post Discharge Dispute of Consumer Liability Report”. This is a very good tool to help you check your credit report for accuracy after bankruptcy.

After Bankruptcy – Check your credit report carefully

Before applying for a mortgage then, make sure that your credit report is accurate and what payment you can afford. The best way to get a mortgage after bankruptcy is to know the how big a mortgage you can take and with this number in mind, choose the house that conforms to that number. In other words, get approved first, choose the home next. This process is called pre-qualification and most realtors and bank loan officers can do it for you. You will be surprised how many realtors and banks are willing to talk to you and work with you. Even those that will not work with you will be able to provide you with names of other realtors and banks in the area that will deal with consumers after bankruptcy.

After Bankruptcy – Finding the right lender

Unlike other loans, you will not have to do such an extensive research of the lenders and their requirements for approval. If you work with a realtor, they will not only pre-qualify you but they usually work with loan brokers. A loan broker specializes in finding lenders for you. This is also a good safeguard against scams. As a debtor just out of

bankruptcy, you are vulnerable to “repair your credit fast” schemes by unscrupulous lenders that are out there to hurt you. Loan brokers usually work with legitimate lenders. Check both the realtors and the loan brokers too. The Better Business Bureau and the Office of the Attorney General are good places to check the legitimacy of the realtors and the loan brokers.

After Bankruptcy – Purchase within your means

Another important point is that you should buy the house that satisfies your needs. Because you are pre-approved for a \$2,400 mortgage payments does not mean you have to buy a house with \$2,400 monthly mortgage payments. If a house with \$1,300 monthly mortgage payments satisfy your needs go for it. If you are a retiree, sometimes an apartment or a more affordable town house will satisfy your need instead of a single family home. Remember, a lot of people were driven into bankruptcy because they bought a house they could not afford.

After Bankruptcy – Expect higher interest rates

Needless to say, because of the bankruptcy, if you are applying for a mortgage right away, your credit may still not be as good as you wish and you will be charged higher interest rates. However, if you have done your part to stay on top of all your payments and not over extending yourself after the bankruptcy, you will be able to get a mortgage approved at a reasonable interest rate, even after bankruptcy and especially, after the two year waiting period.

After Bankruptcy – Refinancing

Know then that once you buy the house, the only way to lower the interest rate is by refinancing. Refinancing takes time and costs money. So, if you find yourself in a situation in which you will not be able to make the payments due to the high interest rate our advice is to wait until you repair your credit first. Once your credit score is better you can start trying to get a mortgage approved. In the meantime, you can rent before buying a house.

[Getting loans approved after bankruptcy](#)