



## **Buying A Home After Bankruptcy**

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If you've just filed for personal bankruptcy, or you think you may have to file in the near future, you may be worried about whether you'll ever be able to buy a home. Many people think that because a bankruptcy remains on a credit report for a decade, they'll have to keep renting for quite a long time.

Fortunately, this is not the case. You will be eligible for a FHA home loan two years after your bankruptcy is discharged. Your down payment will typically be the same as it would for any other FHA buyer - three percent. Your interest rate will probably be a percent or two higher than standard interest rates, but it won't be as high as you might think.

If don't want an FHA loan, and prefer a conventional loan instead, there is a four year waiting period. For many buyers, though, the advantages of a conventional loan are negligible, so waiting the extra two years probably isn't necessary.

As you might imagine, you'll have a much better chance of getting a home loan if you start rebuilding your credit immediately after your bankruptcy. It's important to obtain a credit card as soon as possible after the [discharge](#), and make certain that you pay on time. Your timely payments will be reported to the three major credit

bureaus, significantly improving your credit score. Making your credit card payments on time also shows lenders that you have learned how to handle your finances responsibly.

Buying a home after personal bankruptcy can be a bit more challenging than obtaining a mortgage with good credit, but it's important to remember that bankruptcy won't keep you from getting a home loan forever. In fact, most people are surprised at how quickly they can become home owners!

Jay S. Fleischman is a [New York bankruptcy attorney](#) and Managing Partner of Shaev & Fleischman, LLP. Jay is also the author of [The Consumer's Guide To Bankruptcy: The Truth About Ending Your Bill Problems And Getting Back The Good Credit You Deserve](#).

