

BUYING AFTER A FORECLOSURE

A past foreclosure doesn't mean you can't purchase a home in the future. If you are interested in owning a home again, this information can help you get back on the path to homeownership.

How does foreclosure affect credit?

- A foreclosure stays on your credit report for 7-10 years.
- Your credit score is negatively affected. It is hard to know how much.
- Initially it will be difficult to get approved for credit.
- Credit repair is an important part of preparing for homeownership.

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What are ways to repair credit?

- Start by reviewing your credit reports and scores.
- Remember your credit score is not permanent, with time it can improve.
- Ask your banker about options to rebuild your credit.
- Follow a monthly budget or spending plan.
- Pay your bills on time, every time.
- Build your savings, even if it's only a small amount each month.
- Reduce or eliminate your remaining debt.
- Maintain your employment, ideally in with your current employer or in the same field.

What will lenders consider?

- Most mortgage loans require applicants who have experienced foreclosure, to wait 3-5 years before applying for a new loan.
- Standard underwriting criteria will apply, but they will pay extra attention to how you have managed your credit since the foreclosure.
- An explanation of what led to the foreclosure. This will help them determine the likelihood it could happen again in the future.

If you need help getting started:

Make an appointment with a Homeownership Advisor to review your specific situation. They can help you create a plan to reach your goal of homeownership. Services are free and confidential.

*This information is provided as a service of the Minnesota Homeownership Center and is not legal advice.
Consult a competent legal professional for advice specific to your situation.*

For additional information speak to a Homeownership Advisor in your area by contacting the
Minnesota Homeownership Center: 651-659-9336 or 866-462-6466 or www.hocmn.org