

## **Life After Bankruptcy and Qualifying For A Home**

Bankruptcy can help relieve you of your debts and stop harassing creditors from contacting you, but have you thought about life after bankruptcy? Will you be able to qualify for a new home?

You can be approved for a new mortgage at a normal interest rate within 24 to 30 months after your discharge.

If you can prove the bankruptcy was caused by medical reasons or a divorce you probably can be approved much sooner.

But there are qualifications that you must meet to get a new mortgage; and this all depends upon how you re-established yourself after the bankruptcy discharge.

Even if you don't meet all the qualifications you can still get a mortgage, but it will come with a higher interest rate and a larger down payment. Lenders will be inquiring about your finances and looking to see if you've paid your bills on time since the bankruptcy.

So How Much Credit is Enough?

If you are mortgaging a new home, it will take more than a bank card with a \$500 limit to re-establish your credit. Begin by concentrating on the necessities and time can work miracles. Start establishing the following:

1. Bank checking and savings account
2. A secured credit card from a reputable institution
3. An auto loan

You will need at least 3 credit references since your bankruptcy.

Put Your Financial House in Order

It all starts with your money. Have you noticed that most people in dire financial straits seem to have everything? Large screen televisions, expensive appliances, fancy cars, etc?

When you are discharged from bankruptcy you must cut expenses and stop throwing money away on useless things. However, the problem here lies with our mindset - we believe everything we have is a necessity; the new wardrobe, the mini-mansion, the over-priced automobile, and on and on.

You may very well deserve these things, but if you can't afford it you simply have to understand the obvious - You Can't Afford It!

Did You Know -

After your bankruptcy discharge you can re-build your credit score within 24 months up to a high 800? But this requires paying all bills on time and securing new credit responsibilities to show that you're ready.

I wish I could say that you'll be automatically qualified, but this all depends on what you've done since your bankruptcy and the lender's guidelines.

#### Things that will Kill a Mortgage Loan Application

Start anticipating a bumpy ride. I know this sounds negative, but it's best to be prepared and after a bankruptcy it's not a walk in the park.

There are twists and turns, but it will prove to be well worth the hassle, so never give up.

There are things that will likely kill or just delay your chances for a new mortgage:

1. Poor credit since bankruptcy
2. High debt to income ratio
3. Job instability
4. Tax liens or levies against your paycheck
5. Insufficient down payment

Reality hurts sometimes, but when you've been given a second chance, you should know you have to prove yourself all over again.

The most important thing here is to know that you must take a hard look at how you are living and the work you must put into re-establishing your credit.

While it may not be the easiest thing to do, the good news is that life is not over after bankruptcy. You have a chance for a wonderful new beginning!