

1/22/2013

Policy regarding loan applicants with previous Foreclosures on record:

Due to the economic climate and the housing market downturn, we anticipate receiving an increase in requests for home improvement loans from applicants who have a foreclosure in their past.

Staff is requesting guidance on when we can help an applicant.

Suggestion:

Based on our bankruptcy policy, an applicant must be 4 years removed from a bankruptcy *and* have re-established their credit in order to be considered for a loan; a mirrored policy should be used for foreclosures.

**Policy:**

**An applicant must be 4 years removed from a foreclosure and have re-established credit in order to be considered for a loan.**

Note:

All loan applicants must meet all program criteria as established by Loan Board policy and HUD requirements, before application is presented to Loan Board of Review for consideration.