

Qualifying for a VA loan after bankruptcy is certainly possible, often in a shorter period than you would with a conventional loan.

With a Chapter 7 bankruptcy, lenders typically wait two years after the date of discharge. As for Chapter 13 bankruptcy, you may be eligible for a VA loan just 12 months removed from the filing date.

Make no mistake, a VA loan after bankruptcy is not a quick or easy road. A bankruptcy can cause your credit score to drop anywhere from 130 to 240 points, according to credit scoring firm FICO. It can take from three to 10 years for a consumer's credit score to fully recover and you may need to spend a good chunk of that **time working to rebuild your credit.**

The good news for VA borrowers is that the credit score hurdle is typically lower than what you'll need for conventional or **even FHA financing.**

Lenders will usually have a "seasoning period" for borrowers who have experienced a bankruptcy. This is basically how much time you have to wait before being able to close on a home loan.

The seasoning period can vary depending on a host of factors, but a big one is the type of bankruptcy you experienced.

Chapter 7 Bankruptcy

A Chapter 7 bankruptcy is known as a "liquidation" bankruptcy and forces an individual to sell certain assets in order to repay creditors.

You will typically need to wait at least two years from the date of a Chapter 7 discharge to qualify for VA loan approval.

By comparison, borrowers will often need to wait four years to pursue conventional financing in the wake of a Chapter 7 bankruptcy discharge

Chapter 13 Bankruptcy

A Chapter 13 bankruptcy is known as a "reorganization bankruptcy" and creates a court-supervised plan for debt repayment.

You may be eligible for a VA loan once you're 12 months removed from filing for Chapter 13 bankruptcy protection. Prospective borrowers will usually need approval from their Chapter 13 bankruptcy trustee to take on new debt, such as a mortgage.

For perspective, veterans seeking a conventional loan will usually need to wait two years following a Chapter 13 discharge.

Just to reiterate, the seasoning period for VA loans is based on your Chapter 13 filing date, not the discharge date. That's a big -- and beneficial -- difference.