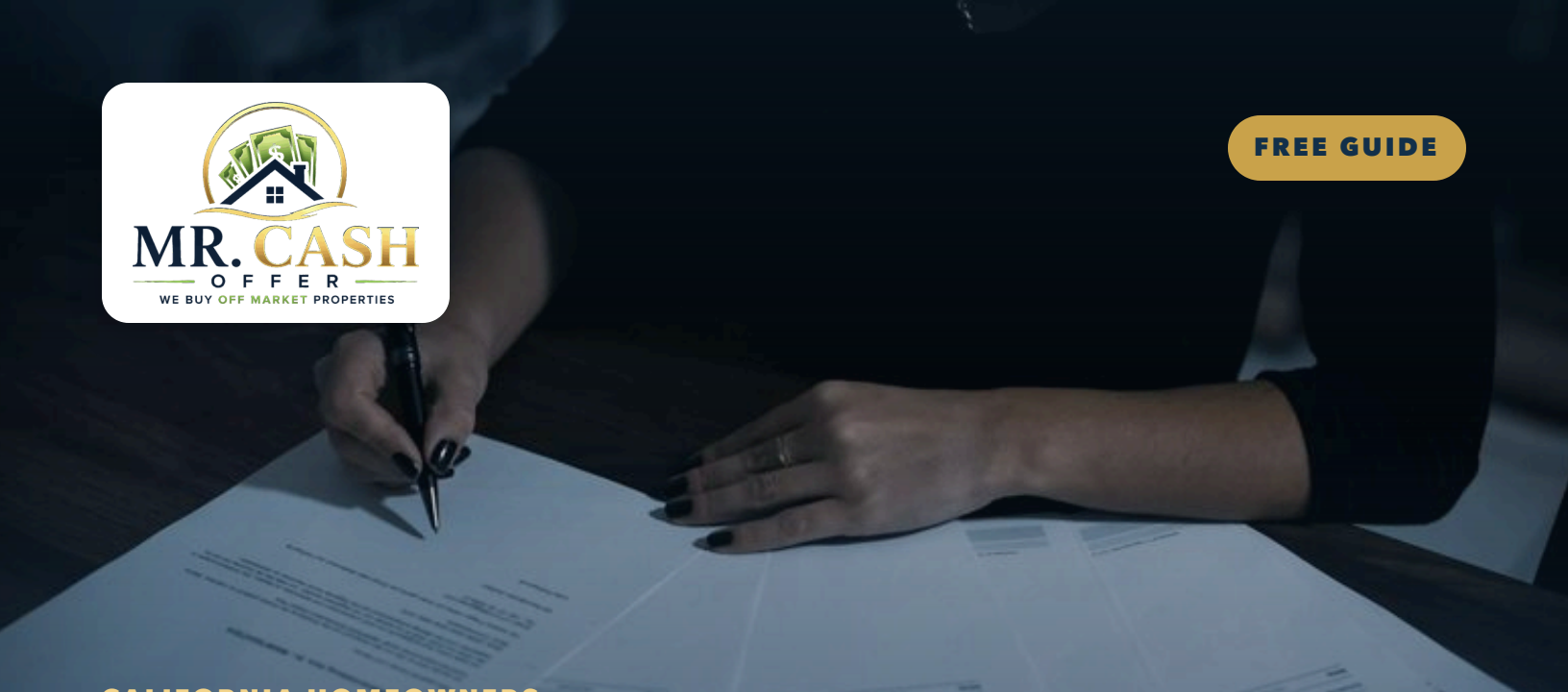

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FREE GUIDE

CALIFORNIA HOMEOWNERS

Behind on your mortgage, or about to be? What late payments, foreclosure and selling mean for your credit and buying again

Behind on payments. Plain English, every fact sourced and dated.

INSIDE

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2. When does a late payment get reported?
3. How long does it stay on my credit report?
4. How long before I can get a new mortgage?
5. What if I sell and pay the loan off in full?



Questions? Talk with Fadi.
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Behind on your mortgage, or about to be? What late payments, foreclosure and selling mean for your credit and buying again

From Mr. Cash Offer, with Fadi Haweileh, CA DRE #02002344 · Facts checked November 25, 2026 · Online: mrcashoffers.com/guides/selling-before-late-payments-credit-california/

QUICK ANSWER

A mortgage payment 30 days past due may be reported to the credit bureaus, and CFPB says most negative information can generally be reported for seven years. A foreclosure, short sale or deed in lieu also starts a waiting period for a new loan: under Fannie Mae's rules, 7 years after a foreclosure and 4 after a short sale or deed in lieu (shorter with documented extenuating circumstances); under FHA's, generally 3 years, with exceptions. A HUD-approved housing counselor may be able to help you for free.

At a glance

Event	What the rule says
Payment 30 days past due	May be reported on your credit report (CFPB)
Negative information	Most negative information can generally be reported for up to 7 years, with exceptions (CFPB)
Fannie Mae, after foreclosure	7 years; 3 with documented extenuating circumstances (limits apply until year 7)
Fannie Mae, after short sale or deed in lieu	4 years; 2 with documented extenuating circumstances
FHA, after foreclosure, deed in lieu or short sale	Generally 3 years, with exceptions

When does a late payment get reported?

After a missed payment: the first 120 days

General rules. Your note sets your due date, grace period and late fee. A HUD-approved counselor: (800) 569-4287.

DUE DATE
Payment due
CFPB's example: the 1st of the month. Your loan papers set yours.

10+ DAYS
Late charge possible
California: not before 10 days after the due date, on a single-family home the owner lives in (some lenders, like credit unions, are left out)

30 DAYS
May be reported
CFPB: a loan 30 days past due may be reported on your credit report

BY DAY 36
Servicer tries to reach you
Federal rule: live contact attempt

BY DAY 45
Written notice
Federal rule: includes HUD's number for housing counselors

120+ DAYS
First foreclosure filing
Federal rule: generally not before the loan is more than 120 days behind

CFPB's homeowner booklet gives this example: the payment is due on the 1st, and you have until the 15th before a late fee. Your own loan papers set the real dates and fee; CFPB says the late fee is on page 4 of your Closing Disclosure. California limits late charges on a loan for a single-family home the owner lives in: no late charge until at least 10 days after the due date, and no more than 6% of the principal-and-interest payment or $5, whichever is greater. Loans from credit unions and some other lenders are left out of that rule (Civil Code 2954.4).

The credit report is a separate step. CFPB: "If your loan is 30 days past due, it may be reported on your credit report. A single late or missed payment on your credit report can reduce your credit score."

Federal rules also set the servicer's steps: try to reach you live by the 36th day of delinquency, and by the 45th day send a written notice with HUD's number for housing counselors. A servicer generally can't make the first foreclosure notice or filing until the loan is more than 120 days behind.

How long does it stay on my credit report?

CFPB: "A credit reporting company generally can report most negative information for seven years." Bankruptcies can stay up to ten years. CFPB lists exceptions to these time limits; ask a HUD-approved counselor what they mean for you.

How long before I can get a new mortgage?

Each kind of loan has its own rulebook. Each waiting period comes with other conditions, so getting past one isn't an approval.

Waiting periods before a new loan (published rules)

Each wait comes with other conditions; getting past one isn't an approval. Fannie Mae counts from completion; FHA counts to the new loan's case number date. Rules checked November 25, 2026.

Fannie Mae

- Foreclosure: 7 years
- 3 with documented extenuating circumstances (until year 7: main-home purchase or limited cash-out refi only, 90% loan-to-value cap or lower)
- Short sale or deed in lieu: 4 years
- 2 with documented extenuating circumstances

FHA

- Foreclosure or deed in lieu: generally 3 years
- Short sale: generally 3 years
- Exception if every mortgage and installment payment was made within the month due for the 12 months before the short sale
- Extenuating-circumstance exceptions too

Sale that pays the loan in full

- Not a short sale under Fannie Mae's or HUD's definitions
- Most negative information can generally be reported for 7 years (CFPB)
- FHA looks at the last 12 months of mortgage payments
- No source we read says whether a waiting period applies

Fannie Mae (Selling Guide B3-5.3-07):

- **Foreclosure:** 7 years from the date the foreclosure was completed. With documented extenuating circumstances, 3 years, but until year 7 only to buy a main home (or a limited cash-out refinance), with a loan-to-value cap of 90% or lower.
- **Short sale or deed in lieu:** 4 years from completion, or 2 with documented extenuating circumstances.
- **"Extenuating"** means "nonrecurring events that are beyond the borrower's control" that cause a sudden, significant and prolonged drop in income or a catastrophic jump in bills. The lender needs proof, such as medical bills or a layoff notice, and your written explanation showing you had no reasonable options other than to default (Selling Guide B3-5.3-08).

FHA (HUD Handbook 4000.1, revised August 12, 2026):

- **Foreclosure or deed in lieu:** "generally not eligible" for a new FHA loan within three years, counted to the date the new loan gets its FHA case number. The exception: documented extenuating circumstances beyond your control, "such as a serious illness or death of a wage earner," plus good credit since. Divorce isn't counted (with a narrow exception), and neither is being unable to sell because of a job move.

- **Short sale:** generally not eligible within three years. **The exception if you were current:** you can be eligible if every mortgage payment in the 12 months before the short sale was made within the month due, and your installment debts were too. Documented extenuating circumstances can also allow an exception.
- **Late payments alone:** for a purchase, three or more mortgage payments over 30 days late in the past 12 months, among other patterns, send the file to manual review. If you're keeping to a forbearance plan, HUD says you aren't counted as delinquent.

VA loans: VA says a short sale or deed in lieu "could result in a loss or reduction in your future home loan benefit," and after a foreclosure, short sale or deed in lieu "you'll need to pay back the amount we lost on your loan to restore your future benefit."

What if I sell and pay the loan off in full?

Fannie Mae and HUD both define a short sale as a sale that brings in less than you owe, with the lender's approval. A sale that pays the loan in full doesn't fit that definition. But late payments already reported are negative information, and CFPB says most negative information can generally be reported for seven years; FHA also looks at your last 12 months of mortgage payments. None of the official sources we read say a sale removes them, and no source we read says whether a waiting period applies after a sale that pays the loan in full.

Can I keep the home instead?

Maybe. CFPB says what your servicer can offer "will depend on your situation and the requirements of your loan's investor." In CFPB's booklet:

- **Repayment plan:** a higher payment for a while until you're caught up, "generally between 2 and 6 months but may be longer."
- **Forbearance:** a reduced payment during a temporary hardship. Interest keeps adding up, and the missed amount is due at the end.
- **Loan modification:** the servicer tries to lower your payment and adds the missed payments to what you owe, and may require a three- or four-month trial plan first.

Our options before foreclosure guide covers these and the rest. CFPB: "The sooner you call your servicer or a housing counselor, the more options you will have." CFPB says to call HUD at (800) 569-4287 and enter your ZIP code to be referred to a counselor near you.

What to do this week

1. **Find your due date, grace period and late fee** in your note or on page 4 of your Closing Disclosure.
2. **Call your servicer** and ask which options it offers. Write down the date and who you spoke with.
3. **Call a HUD-approved housing counselor:** (800) 569-4287, then your ZIP code.
4. **Check your credit reports** at AnnualCreditReport.com, the only site the FTC says is authorized for the free reports. The FTC says you can dispute mistakes with the credit bureau and the business that reported them.
5. **If you're weighing a sale,** compare what listing and a cash offer would each leave you. Our cost to sell guide and cash offer or list it guide show the math.

Watch out for

- **Anyone who charges up front or promises results.** CFPB: "If anyone tries to charge you in advance for help or guarantees that they can stop your foreclosure, they're not legitimate."
- **Anyone who asks you to sign over your deed.** The FTC: "Scammers may try to convince you to transfer the deed to your home to them."
- **Promises that your credit will be "fixed" or that you'll be approved to buy again.** The waiting periods above are minimums with other conditions.
- **Signing with a buyer too fast after a notice of default.** California's home equity sales law (Civil Code 1695 and after) covers buyers of a "residence in foreclosure" (the seller's main home, 1 to 4 units, with an outstanding recorded notice of default), with exceptions such as someone buying it to live in. In those sales the seller can cancel until midnight of the fifth business day after signing, or until 8 a.m. on the day of the foreclosure sale, whichever comes first. Ask an attorney how it applies to a particular sale.

Questions people ask

When does a late mortgage payment show up on my credit report?

CFPB says a loan 30 days past due "may be reported." The late fee is a separate step, set by your loan papers.

How long does negative information stay on my report?

CFPB says most negative information can generally be reported for seven years, bankruptcies up to ten, with exceptions, including credit over $150,000.

Is a short sale different from a foreclosure for buying again?

Under Fannie Mae's rules, yes: 4 years instead of 7. Under FHA's, both are generally 3 years, but only the short sale has the exception for borrowers who were current for the 12 months before it.

If I sell and pay the loan off in full, is that a short sale?

Not under Fannie Mae's or HUD's definitions. None of the sources we read say a sale removes late payments already reported.

Is a HUD housing counselor really free?

CFPB says "There is no charge to work with a HUD-approved housing counseling agency when you're having trouble paying your mortgage."



Questions about your situation?

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Checked on November 25, 2026.

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This guide explains general California rules. It isn't legal, tax or credit advice. Talk with a HUD-approved housing counselor, an attorney or a tax professional about your situation.

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