

The lender must document an applicant(s)'s debts through various records, including but limited to credit reports, direct or third-party verifications, court documents, and verification of deposits. All open debts/accounts (including non-medical collection accounts and judgments) incurred through the note date must be considered in the total debt calculation and documented in GUS as well as the loan application as applicable. The following obligation expenses must be included in the monthly debts.

1. *PITI*

- Principal, interest, real estate taxes, hazard insurance, monthly portion of the annual fee, HOA fees, special assessments, etc.

2. *Installment accounts*

- Accounts that will be paid in full through a specified number of fixed payments such as auto, personal, secured/unsecured, etc. must have the monthly payment included.
- If ten or less months of repayment remains per the credit report, creditor verification, etc., the monthly debt may be excluded if the payment does not exceed five percent of the monthly repayment income.
- Installment debt may be paid down to ten months or less of remaining debt.

3. *Revolving accounts*

- Credit cards, lines of credit, secured/unsecured, etc. must include the minimum monthly payment documented on the credit report or other creditor verification in the total debts.
- If the credit report shows an outstanding balance, but no minimum monthly payment, the payment must be calculated as five percent of the balance reported on the credit report.
- The lender may obtain a current account statement or creditor verification to document the actual monthly payment and include that amount in the monthly debts.
- Revolving accounts with no outstanding balance on the credit report do not require an estimated payment to be included in the debt ratio.
- Revolving accounts with no outstanding balance are not required to be closed.