

Credit	<p>**FSB reserves the right to require ANY collection to be paid that might have a future effect on our first lien position or the borrower's ability to repay the loan. This includes collections that are outside of this 12-month period identified in our guidelines.</p> <p><u>Derogatory Accounts</u></p> <p>FSB will review the file as a whole to determine if outstanding collection and charge off accounts will require payment or may remain open. Regardless of debt determination, the credit history that derogatory accounts present must still be included in the analysis of the file. The underwriter has the final determination and the file must contain:</p> <ol style="list-style-type: none"> 1) LOX for all derogatory credit showing on report to help the underwriter determine if a pattern exists or if circumstances were out of the borrower's control 2) Supporting documentation for the LOX provided, if noted within the letter. The explanation and supporting documentation must be consistent with other credit information in the file. <p>Underwriting will review the information to determine if the collection accounts and charge offs were a result of 1) the borrower's disregard for financial obligations; 2) the borrower's inability to manage debt; or 3) extenuating circumstances.</p>
--------	--

Information shown is subject to change without notice. Rates, fees and programs are subject to change without notice. Information is intended solely for mortgage bankers, mortgage brokers, financial institutions and correspondent lenders. Not intended for distribution to consumers as defined by Section 226.2 of Regulation Z, which implements the Truth-in-Lending Act.

2/16/2016 tp