

## Credit

**\*\*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.**

***All open collections must be listed in the Liability section of the 1003.***

### **Collection Accounts – Non Medical**

The Underwriter must review all collection accounts and determine if the applicant(s) is an acceptable credit risk, regardless of GUS recommendations. USDA does not require medical collections to be paid.

If the cumulative total of all non-medical collections exceeds \$2,000, the following options will apply:

- 1) Require payment in full of these accounts prior to loan closing
- 2) Use an existing repayment agreement or require payment arrangements be made with documentation from the creditor and include the monthly payment; or
- 3) Include 5% of the outstanding balance as the monthly liability amount, no further documentation will be required

### **GUS Data Entry for Collections**

- Collections that will be paid by loan closing should select "Pay by Close" checkbox.
- If the collection is not required to be paid in full, the lender should select Omit checkbox. The "Notes" section must be completed to state why the debt will be omitted from ratio consideration
- If a repayment agreement has a specified monthly payment, include that amount. Do not enter "\$1.00" in the monthly payment field unless this is a documented repayment amount.