

WHOLESALE REVERSE CREDIT GUIDE

The lender may consider the borrower to have satisfactory credit if:

- All housing and installment debt payments have been made on time for the previous 12 months and no more than two 30-day late mortgage or installment payments in the previous 24 months;
- There is no major derogatory credit on revolving accounts in the previous 12 months.
- Major derogatory credit on revolving accounts shall include any payments made more than 90 Days after the due date, or three or more payments more than 60 Days after the due date

	12 Months	24 Months
Mortgage	Any Lates - LOE and documentation REQUIRED	3x30 - LOE and documentation REQUIRED
Installment	Any Lates - LOE and documentation REQUIRED	3x30 - LOE and documentation REQUIRED

	12 Months		
	30 Days	60 Days	90 Days
Mortgage	OK No LOE required	3x60 - LOE and documentation REQUIRED	1x90 - LOE and documentation REQUIRED

Borrower's meeting the guidelines of Satisfactory Credit and who show the capacity to meet their financial obligations by meeting or exceeding the level of residual income for their region and family size will not be required to have a Life Expectancy Set-Aside. Letters of explanation will be needed to detail the circumstances including the specific occurrences, likelihood of recurrence, increase in income through HECM or other financial liquidity. Documenting extenuating circumstances comes in the form of a strong Letter of Explanation. The documentation must demonstrate:

- The connection between the specific occurrence(s) and the measurable impact to the borrower's finances;
- No other action(s) taken by the borrower contributed to the derogatory incident(s) (e.g., assuming new financial obligations, voluntarily terminating employment or reducing hours, etc.);
- Likelihood that these circumstances will not recur. Lenders may consider the impact of the HECM on the borrower's circumstances, through the elimination of financial obligations and/or through an increase in income;
- Financial liquidity through non-HECM assets, additional sources of income, access to revolving credit or other factors that are present that enhance his or her ability to endure financial challenges.
- Remember, the letter must be written by the borrower and be consistent with credit and property charge payment history.

** Note: Supporting documentation will need to be provided to support the LOE.*