



Open 30-Day Accounts

What is an Open 30-Day Account?

An open 30-day account refers to a credit arrangement that requires the borrower to pay off the outstanding balance on the account every month. Oftentimes, we may omit a 30-day account from the DTI, however each agency has different requirements which must be met.

Fannie

For open-30 day charge accounts that do not reflect a monthly payment on the credit report, or 30-day accounts that reflect a monthly payment that is identical to the account balance, when we verify borrower funds to cover the account balance, we may omit the monthly payment from the DTI.

The verified funds are in addition to any funds required for closing costs and reserves.

Freddie

Monthly payments on open 30-day accounts are not required to be included in liabilities when we verify the borrower has sufficient funds to pay off the outstanding account balance.

The verified funds must be in addition to any funds used to qualify the borrower for the mortgage transaction.

FHA

When we use the credit report to verify the borrower has paid the outstanding balance on the 30-day account each month for the most recent 12 months, we do not need to include the monthly payment in the DTI. If the credit report reflects any late payments in the last 12 months, we must use 5% of the outstanding balance as a monthly payment to be included in the DTI.

We must document that funds are available to pay off the balance in excess of the funds and reserves required to close the mortgage.

USDA

When we use the credit report to verify the borrower has paid the outstanding balance on the 30-day account each month for the most recent 12 months, we do not need to include the monthly payment in the DTI. If the credit report reflects any late payments in the last 12 months, we must use 5% of the outstanding balance as a monthly payment to be included in the DTI.

We must verify that funds are available to pay off the balance in excess of the funds and reserves required to close the mortgage.

VA

When we use the credit report to verify the borrower has paid the outstanding balance in full each month for the most recent 12 months, we may omit the debt. Otherwise, we must include 5% of the outstanding balance as a monthly payment in the DTI.

We must verify that funds are available to pay off the balance in excess of the funds required to complete the transaction.

