



first community mortgage

WHOLESALE ANNOUNCEMENT 2021-1

January 8, 2021

Guideline Update- VA Collection/Charge-off

Updated Guideline Section:

- **VA Guidelines-Section 1.07.24- Collections/Charge-offs**

Guideline Verbiage Removed:

When the loan receives AUS/ Approval/Accept collections balances less than \$5000 do not have to be paid off at closing. Single or aggregate collection balances greater than \$5000 will be required to be paid at closing, funds that are required to settle these accounts must be verified and documented from an acceptable source. The \$5000 balance does NOT include medical collections, collections greater than 24 months old and/or charge-offs.

Guideline Verbiage Added:

Charge-off accounts are typically collections in which the creditor is no longer pursuing collection of the account. The circumstances regarding the negative credit history must be addressed when reviewing the overall credit of the borrower(s).