



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

Monthly payments on open 30-day accounts do not get included in liabilities. Verify the borrower has sufficient funds to pay off the outstanding account balance, in addition to any funds required for closing costs and reserves. Only option when sufficient funds are not available is if the borrower has the option to pay monthly payment, need updated credit bureau showing revolving account.

Freddie

The full amount of the outstanding account balance must be included in the DTI OR verify the borrower has sufficient funds to pay off the outstanding account balance, in addition to any funds required for closing costs and reserves.

Example: AMEX 30 day account current balance \$500.

Option 1: \$500 payment and \$500 balance

Option 2: No payment BUT we verify an additional \$500 assets to cover this monthly expense.

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.

VA

Determine if the borrower pays the balance in full each month and has verified funds in their account to cover the balance. If there are sufficient funds, the payment does not need to be included in liabilities. If there are not sufficient funds, a minimum payment of 5% of the balance should be considered in the DTI.

