

D. Credit History

In order to establish a credit history for some borrowers, Lenders may have to develop non-traditional ratings by verifying payment ratings with utility companies, current and previous landlords, owner-financed automobile loans, etc. Lenders should place their primary review of the borrower's credit history on the past 24 months, although the Lender must fully investigate all major indications of derogatory credit, such as undisclosed debts, judgments, bankruptcies, etc. over the last seven years. Follow AUS guidance on collection accounts. Judgments, garnishments or liens must be paid in full before closing. An exception may be permitted if a borrower has incurred significant medical debt that remains unpaid due to lack of health insurance. Such borrowers may still represent an acceptable risk if the debt holder has agreed in writing to accept installment payments and the borrower is meeting the terms of the agreement. Bankruptcies must have been fully discharged and the borrower must have reestablished good credit in accordance with [Section 4005.10](#).