



MFM Bulletin: 030-2023

Date: November 20, 2023

Subject: VA Lender Handbook Changes

The Veterans Administration (VA) has made changes to the VA Lenders Handbook regarding the handling of medical and non-medical collection accounts. **These changes apply regardless of whether the loan is Approved/Eligible through DU or Accept through LPA; and are effective with VA loan applications dated on or after December 1, 2023.**

Purpose: VA is publishing this update to clarify that, when underwriting a VA-guaranteed loan:

- Medical collections and charged-off medical accounts do not need to be considered in qualifying ratios or when determining the residual income.
- The presence of medical collections and/or charged-off medical accounts should not be considered when determining an applicant's creditworthiness.
- **Non-medical collections accounts must now be included in the veteran's DTI and Residual Income calculations. Non-medical collection accounts without minimum payment amount on the credit report must be considered with a payment amount of 5% of the outstanding balance.**

Please contact our VP of Credit Policy, Pam Trudeau (pam.trudeau@memberfirstmortgage.com) with any questions or concerns.

Thank you