FHA Single Family Housing Policy Handbook 4000.1, Part II — b. Credit History Review Requirements (04/29/2024)

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b. Credit History Review Requirements (04/29/2024) The Mortgagee must determine if the Borrower has demonstrated the willingness to timely meet their financial obligations by analyzing the Borrower's credit history. The Mortgagee must take into consideration that some Borrowers seek a HECM due to financial difficulties, which may be reflected on the Borrower's credit report. The Mortgagee must also consider to what extent the proceeds of the HECM could provide a solution to any such financial difficulties. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 617 Last Revised: 11/26/2025 Mortgagees must pay particular attention to situations where serious derogatory credit, such as foreclosures, bankruptcies, defaults, late Mortgage Payments, or late payments for Property Charges, are on the Borrower's record. Where the Borrower has not demonstrated the willingness to meet their financial obligations and no Extenuating Circumstances can be documented, such circumstances must be viewed as especially significant events that call into question the ability of the Borrower to manage their financial obligations. i. General Credit Requirements (A) Borrower (1) Standard The Mortgagee must analyze the Borrower's credit history, liabilities, and debts to determine the willingness of the Borrower to meet their financial obligations. The Mortgagee must obtain either a Tri-Merged Credit Report (TRMCR) or a Residential Mortgage Credit Report (RMCR) from an independent consumer reporting agency. (2) Required Documentation The Mortgagee must obtain a credit report for each Borrower who will be obligated on the mortgage Note. The Mortgagee may obtain a joint report for individuals with joint accounts. (B) Eligible Non-Borrowing Spouse and Other Non-Borrowing Household Member (1) Standard The Mortgagee must only obtain a credit report for an Eligible NBS or Other Non-Borrowing Household Member when their income will be used as a Compensating Factor or in reducing family size when determining if the Borrower meets the applicable standard for Residual Income. The credit report for an Other Non-Borrowing Household Member must indicate the Other Non-Borrowing Household Member's SSN, where an SSN exists, was matched with the SSA, or the Mortgagee must provide either separate documentation indicating that the SSN was matched with the SSA, or a statement that the Other Non-Borrowing Household Member does not have an SSN. Where an SSN does not exist for an Other Non-Borrowing Household Member, the credit report must contain, at a minimum, the Other Non-Borrowing Household Member's full name, date of birth, and previous addresses for the last two years. II. ORIGINATION THROUGH POST-

CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 618 Last Revised: 11/26/2025 (2) Required Documentation The Mortgagee must obtain a credit report for an Eligible NBS or Other Non- Borrowing Household Member, if applicable. ii. Credit History If a traditional credit report is available, the Mortgagee must use a traditional credit report. If a traditional credit report is not available, and the Borrower is applying for a Traditional or Refinance HECM, the Mortgagee is not required to develop the Borrower's credit history using the requirements for non-traditional and insufficient credit. The Borrower may be deemed to have an acceptable credit history. If the TRMCR or RMCR generates a credit score, the Mortgagee must utilize traditional credit history. (A) Requirements for the Credit Report Credit reports must obtain all information from at least two credit repositories pertaining to credit, residence history, and public records information; be in an easy to read and understandable format; and not require code translations. The credit report may not contain whiteouts, erasures, or alterations. The Mortgagee must retain copies of all credit reports. The credit report must include: • the name of the Mortgagee ordering the report; • the name, address, and telephone number of the consumer reporting agency; • the name and SSN of each Borrower; and • the primary repository from which any particular information was pulled, for each account listed. A truncated SSN is acceptable for FHA mortgage insurance purposes, provided that the mortgage application captures the full nine-digit SSN. The credit report must also include: • all inquiries made within the last 90 Days; • all credit and legal information not considered obsolete under the Fair Credit Reporting Act (FCRA), including information for the last seven years, which consumer reporting agencies have reported as verified and currently accurate, regarding: ☐ bankruptcies; ☐ Judgments; ☐ lawsuits; ☐ foreclosures; and II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 619 Last Revised: 11/26/2025 ☐ tax liens; and • for each Borrower debt listed: ☐ the date the account was opened; ☐ high credit amount; ☐ required monthly payment amount; ☐ unpaid balance; and ☐ payment history. (B) Updated Credit Report or Supplement to the Credit Report The Mortgagee must obtain an updated credit report or supplement if the underwriter identifies inconsistencies between any information in the HECM file and the original credit report. (C) Credit Information Not Listed on Credit Report A Mortgagee must develop credit information separately for any open debt listed on the HECM application but not referenced in the credit report by using the procedures below for Independent Verification of Non-traditional Credit Providers. (D) Specific Requirements for Residential Mortgage Credit Report In addition to meeting the general credit report requirements, the RMCR must: • provide a detailed account of the Borrower's employment history; • verify each Borrower's current employment and income through an interview with the Borrower's employer or explain why such an interview was not completed; • contain a statement attesting to the certification of employment for each Borrower and the date the information was verified; and • report a credit history for each trade line within 90 Days of the credit report for each account with a balance. (E) Independent Verification of Non-Traditional Credit Providers The Mortgagee may independently verify the Borrower's credit references by documenting the existence of the credit provider and that the provider extended credit to the Borrower. To verify the existence of each credit provider, the Mortgagee must review public records from the state, county, or city or other documents providing a similar level of objective information. To verify credit information, the Mortgagee must: • use a published address or telephone number for the credit provider and not rely solely on information provided by the applicant; and II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 620 Last Revised: 11/26/2025 • obtain the most recent 12 months of canceled checks, or equivalent proof of payment, demonstrating the timing of payment to the credit provider. To verify the Borrower's rental payment history, the Mortgagee must obtain a rental reference from the appropriate rental management company, provided the Borrower is not renting from a Family Member, demonstrating the timing of payment of the most recent 12 months in lieu of 12 months of canceled checks or equivalent proof of payment. iii. Evaluating Credit History (A) General Credit The underwriter must examine the Borrower's overall pattern of credit behavior, not just isolated unsatisfactory or slow payments, to determine the Borrower's ability to manage their financial obligations. The Mortgagee does not need to consider the credit history of an Eligible NBS or Other Non-Borrowing Household Member. (B) Types of Payment Histories The underwriter must evaluate the Borrower's payment histories in the following order: (1) previous housing expenses and related expenses, including utilities; (2) installment debts; and (3) Revolving Charge Accounts. (1) Satisfactory Credit History The underwriter may consider a Borrower to have an acceptable payment history if the Borrower has made all housing and installment debt payments on time for the previous 12 months and has no more than two 30-Day late Mortgage Payments or installment payments in the previous 24 months. The underwriter may approve the Borrower with an acceptable payment history if the Borrower has no major derogatory credit on Revolving Charge Accounts in the previous 12 months. Major derogatory credit on Revolving Charge Accounts must include any payments made more than 90 Days after the due date, or three or more payments made more than 60 Days after the due date. (2) Credit Payment History Requiring Additional Analysis If a Borrower's credit history does not reflect satisfactory credit as stated above, the Borrower's payment history requires additional analysis. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 621 Last Revised: 11/26/2025 The Mortgagee must analyze the Borrower's delinquent accounts to determine whether late payments were based on a disregard for financial obligations, an inability to manage debt, or Extenuating Circumstances. The Mortgagee must document this analysis in the HECM file. Any explanation or documentation of delinquent accounts must be consistent with other information in the file. Where the Borrower has not met the requirements for satisfactory credit above, and no Extenuating Circumstances can be documented, the Mortgagee must, at a minimum, require a Fully Funded Life Expectancy Set-Aside. Where a Fully Funded LESA is required, Mortgagees must still determine if the Borrower's credit history provides reasonable assurance that the Borrower can effectively manage financial obligations even when real estate taxes and insurance are paid directly by the Mortgagee through the LESA. See Final HECM Decision for additional information. (3) Extenuating Circumstances (a) Definition Extenuating Circumstances refer to factors a Mortgagee may cite when the Borrower's credit and/or property charge payment history does not meet the criteria described in the Satisfactory Credit History and

Satisfactory Property Charge Payment History sections. (b) Standard Mortgagees must consider any Extenuating Circumstances that led to the credit or property charge issues. In order to be used to make a determination that credit and/or property charge payment history is acceptable, documentation of Extenuating Circumstances must demonstrate: • the connection between the specific occurrence(s) and the measurable impact of the occurrence(s) on the Borrower's finances; • that no other actions, directly or indirectly related to the financial problem, were taken by the Borrower that contributed to the derogatory incident(s); • the likelihood that these circumstances will not recur. In assessing the likelihood that the circumstances will not recur, Mortgagees must consider the impact of the HECM on the Borrower's circumstances through the elimination of financial obligations and/or through an increase in Borrower income; and • that the Borrower demonstrates financial liquidity through non-HECM assets, additional sources of income not considered in the financial   assessment, or other documented factors that enhance their ability to endure financial challenges. Extenuating Circumstances may include, but are not limited to: • loss of income due to the death or divorce of a spouse that directly resulted in late payment of obligations; • loss of income due to the Borrower's or spouse's unemployment, reduced work hours or furloughs, or emergency medical treatment or hospitalization that directly resulted in late payments of obligations; or • increase in financial obligations due to emergency medical treatment or hospitalization for the Borrower or spouse, emergency property repairs not covered by homeowners or Flood Insurance, divorce, or other causes that directly resulted in late payments of obligations. Unemployment as an Extenuating Circumstance If a Borrower cited loss of income due to unemployment as the cause of late payments or other derogatory information, the Mortgagee must document the actual reduction in income to determine the degree to which the Borrower's ability to meet their financial obligations was impacted. The documentation must include the following: • the Borrower's documented satisfactory credit and/or property charge payment history prior to being unemployed; • the Borrower's documented income, including any unemployment compensation received, was insufficient to make timely payments on all outstanding accounts; • the credit report indicates that the Borrower did not incur new debt, unrelated to the financial problem, that contributed to the Borrower's inability to meet all obligations in a timely manner; and • the Borrower is employed again and/or has alternate sources of income. (c) Required Documentation The Mortgagee must provide the following documentation: • the credit report, evidencing satisfactory credit prior to the period of unemployment; • evidence of a satisfactory property charge payment history prior to the period of unemployment; • income Tax Returns for the year prior to and during the period of unemployment, evidencing the total available income during the period of unemployment, including any unemployment compensation; • verification the Borrower is receiving income from re-employment and/or has other replacement sources of income, which, when combined with other uninterrupted pre-existing income, are sufficient   to allow the Borrower to meet their financial obligations in a timely manner; • supporting explanations from the Borrower; and • any additional documentation upon which the Mortgagee relied to support the loss of income, its impact on the Borrower's credit history and subsequent financial recovery. (C) Housing Obligations/Mortgage Payment History (1) Definition A Housing Obligation/Mortgage Payment/Loan Payment refers to the monthly payment due for rental or Properties owned. For the purposes of servicing the Mortgage, Mortgage Payment refers to the total monthly payment on the FHA- insured Mortgage. (2) Standard A Mortgage Payment is considered delinquent if not paid within the month due. A Borrower who was granted a mortgage payment forbearance and continues to make payments as agreed under the terms of the original Note is not considered delinquent or late and shall be treated as if not in forbearance provided the Forbearance Plan is terminated at or prior to closing. The Mortgagee must determine the Borrower's Housing Obligation/Mortgage Payment history for their Principal Residence through: • the credit report; • verification of rent received directly from the landlord (for landlords with no Identity of Interest with the Borrower); • verification of Mortgage Payments received directly from the Servicer; or • a review of canceled checks that cover the most recent 12-month period. The Mortgagee must verify and document the previous 12 months of housing payment history for the 12 months prior to case number assignment. For Borrowers who indicate they are living rent-free, the Mortgagee must obtain verification from the property owner where they are residing that the Borrower has been living rent-free and the amount of time the Borrower has been living rent-free. An existing or prior Mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. A Mortgage that was subject to mortgage payment forbearance must utilize the Mortgage Payment history in accordance with the Forbearance Plan for the time period of the forbearance in determining late housing payments. Any Borrower who is granted a forbearance and is otherwise performing under the terms of the Forbearance Plan is not considered to be delinquent for purposes of analyzing credit history. (3) Required Documentation Where a Mortgage reflects payments under a modification or Forbearance Plan within the 12 months prior to case number assignment, the Mortgagee must obtain: • a copy of the modification or Forbearance Plan; and • evidence of the payment amount and date of payments during the forbearance term. A Forbearance Plan is not required if the forbearance was due to the impacts of the COVID-19 National Emergency. (D) Collection Accounts (1) Definition A Collection Account refers to a Borrower's loan or debt that has been submitted to a collection agency by a creditor. (2) Standard The Mortgagee must determine if collection accounts were a result of: • the Borrower's disregard for financial obligations; • the Borrower's inability to manage debt; or • Extenuating Circumstances. (3) Required Documentation The Mortgagee must document reasons for approving a HECM when the Borrower has any collection accounts. The Borrower must provide a letter of explanation, which is supported by documentation, for each outstanding collection account. The explanation and supporting documentation must be consistent with other credit information in the file. (E) Charge Off Accounts (1) Definition Charge Off Account refers to a Borrower's loan or debt that has been written off by the creditor.

Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 625 Last Revised: 11/26/2025 (2) Standard The Mortgagee must determine if Charge Off Accounts were a result of: • the Borrower's disregard for financial obligations; • the Borrower's inability to manage debt; or • Extenuating Circumstances. (3) Required Documentation The Mortgagee must document reasons for approving a HECM when the Borrower has any Charge Off Accounts. The Borrower must provide a letter of explanation, which is supported by documentation, for each outstanding Charge Off Account. The explanation and supporting documentation must be consistent with other credit information in the file. (F) Disputed Derogatory Credit Accounts (1) Definition Disputed Derogatory Credit Account refers to disputed Charge Off Accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months. (2) Standard The Mortgagee must analyze the documentation provided for consistency with other credit information to determine if the Disputed Derogatory Credit Account should be considered in the credit history review. The following items may be excluded from consideration in the credit history review: • disputed medical accounts; and • disputed derogatory credit resulting from identity theft, credit card theft, or unauthorized use. (3) Required Documentation If the credit report indicates that the Borrower is disputing derogatory credit accounts, the Borrower must provide a letter of explanation and documentation supporting the basis of the dispute. If the disputed derogatory credit resulted from identity theft, credit card theft, or unauthorized use balances, the Mortgagee must obtain a copy of the police report or other documentation from the creditor to support the status of the accounts. II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT B. Title II Insured Housing Programs Reverse Mortgages 5. Performing the Financial Assessment of the Borrower Handbook 4000.1 626 Last Revised: 11/26/2025 (G) Judgments (1) Definition Judgment refers to any debt or monetary liability of the Borrower created by a court or other adjudicating body. (2) Standard The Mortgagee must verify that court-ordered Judgments are paid off prior to or at closing. Regardless of the amount of outstanding Judgments, the Mortgagee must determine if the Judgment was a result of: • the Borrower's disregard for financial obligations; • the Borrower's inability to manage debt; or • Extenuating Circumstances. (3) Required Documentation The Mortgagee must provide the following documentation: • evidence of payment in full, if paid prior to settlement; or • the payoff statement, if paid at settlement.