

**(ii) Internal Revenue Service (IRS) installment agreements**

**(A) IRS-approved installment agreements**

When the Borrower is obligated on an installment agreement approved by the IRS for payment of past-due federal taxes, the following requirements must be met:

- The monthly payment must be included in the Borrower's debt payment-to-income ratio if there are more than 10 months of payments remaining on the installment agreement, and
- The Seller must obtain and retain in the Mortgage file a copy of the installment agreement approved by the IRS. The installment agreement must reflect the payment terms and verify the monthly payment amount and balance, and
- The Seller must document in the Mortgage file that the Borrower is not past due under the terms of the installment agreement, and
- There must be no indication, and the Seller must have no knowledge, that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement

**(B) Applications for installment agreements pending IRS approval**

When the Borrower has applied for an installment agreement with the IRS that is pending IRS approval, the following requirements must be met:

- A copy of the application for the installment agreement reflecting the amount of taxes owed and requested payment terms must be included in the Mortgage file,
- The greater of the monthly payment amount requested by the Borrower or the amount of taxes owed divided by 72 must be included in the Borrower's monthly debt payment-to-income ratio, and
- There must be no indication, and the Seller must have no knowledge, that the IRS has filed a Notice of Federal Tax Lien for the taxes owed by the Borrower