

Provide an account of the credit history and public record information for each applicant who is a party to the note;

- Be submitted as an original document, either the original electronic version or the printed report delivered by the credit reporting agency;
- Have no whiteouts, erasures or alterations;
- Indicate the name and address of the consumer reporting agency;
- State the primary repository where specific information was pulled for each account listed; and
- Show the name of the party that ordered the report.

Lenders may follow credit repository guidelines, lending laws, etc. to determine if joint applicants must have separate credit reports. USDA does not require unmarried applicants to be on one credit report, loan application, Form RD 3555-21, etc. Applicants must ensure credit data frozen at any credit repository is made available.

10.4 CREDIT REPORT VERSIONS

The following table lists credit scoring models that are recognized by the Agency’s Guaranteed Underwriting System (GUS) and must also be used to manually underwrite guaranteed loans.

Scoring Model Source	Description	Scoring Model Code
Experian	Experian/Fair Isaac risk Model v3	15
Experian	New Experian Fair Isaac Model (FICO II)	6
Equifax	Beacon 5.0	13
Equifax	Beacon 96	3
Transunion	FICO Risk Score Classic (04)	14
Transunion	FICO® Risk Score, Classic (98)	9

CREDIT SCORES AND VALIDATION (continued)

Public records (bankruptcy, foreclosure, tax liens, judgments, etc.), disputed, and self-reported accounts are ineligible tradelines for credit validation.

Common Scenarios:

- A. Only one eligible tradeline on the credit report? Non-traditional tradelines may be verified to meet the cumulative tradeline number requirement.
- B. No eligible tradelines on the credit report? One applicant whose income or assets are used to underwrite the loan must have an eligible non-traditional credit history.

Refer to the Nontraditional credit section of this matrix for guidance.

GUS Refer, Refer with Caution, and manually underwritten files are not eligible for debt ratio exceptions if:

1. There is not one applicant with a validated score using traditional tradelines on the credit report, or
2. The file requires non-traditional credit tradelines.

CREDIT INQUIRIES/RECENT DEBTS/UNDISCLOSED DEBTS

A credit inquiry is a request by an institution for credit report information. A hard inquiry is requested when an applicant is seeking credit and completes a credit application. Hard inquiries are typically listed on the credit report and factored into the credit score. A soft inquiry is not included on the credit report and does not result in a new credit/debt. Soft inquiries may include a free annual credit report, companies developing marketing lists, prequalification offers, etc.

Inquiries for credit made by the applicant(s) 90 days before the date of the credit report must be investigated to determine if new credit accounts were opened. Lenders must retain documentation in their permanent loan file to support newly identified debts.

GUS Accept/Accept with Full Documentation files:

New installment or revolving accounts that are not reflected on the credit report in GUS must be manually entered on the GUS Assets and Liabilities page under the Liabilities – Credit, Cards, Other Debts and Leases that You Owe section. No downgrade is required.

GUS Refer, Refer with Caution, and Manually underwritten files:

New installment or revolving accounts that are not reflected on the credit report in GUS must be manually entered on the GUS Assets and Liabilities page under the Liabilities – Credit, Cards, Other Debts and Leases that You Owe section or on the loan application for non-GUS loans.

NON-TRADITIONAL CREDIT

Applicants that do not have the required traditional credit history, a validated credit score, or no credit score may document their willingness to pay debt obligations through alternate sources. The use of a non-traditional credit history is not a reason to deny a loan.

Applicants with a 12-month Verification of Rent (VOR): Two tradelines are required: The VOR plus one additional tradeline. This tradeline must be an eligible traditional tradeline from the credit report with a 12-month history or an eligible non-traditional tradeline.

Applicants with no rent history: Three tradelines are required. Tradelines may be a combination of traditional tradelines from the credit report with 12-month history or eligible non-traditional tradelines.

Non-traditional credit may be documented as 1. A Non-Traditional Mortgage Credit Report (NTMCR), 2. Self-Reported tradelines on a traditional credit report, or 3. Evidence from third party verifications, canceled checks, money order receipts, electronic payments, payment histories from the creditor/company, bank statements that clearly identify debit payments for the service/product, etc.

An eligible non-traditional tradeline must have a 12-month history and cannot have been closed more than 6 months prior to loan application. Examples of acceptable non-traditional credit sources include but are not limited to:

- Rent or housing payments
- Utility services: gas, electric, water, land-line telephone service, or cable TV (services should not be included in rent payments)
- Insurance payments: automobile, life, household, renter's insurance, medical supplements. Premiums paid through payroll deduction for employee offered coverage of plans are ineligible. Premiums paid quarterly or annually are acceptable when the payment(s) provide 12 months of coverage.
- Childcare: licensed childcare providers may provide documentation to support the date of enrollment, dates of fees paid, etc. Bank statements to support cash withdraws or handwritten receipts are not acceptable.
- School tuition
- Payments to local stores (car dealerships, department/furniture/appliance stores, specialty stores)
- Payments for uninsured portions of medical bills
- Internet or cell phone services
- Automobile leases