



Guaranteed Home Loan Program February 8, 2016

Now Available - Easier Validation of Applicant's Credit Score

USDA Rural Development in Iowa has received a waiver to allow at least one applicant to have only **two** trade-line payment references. These references must have existed for at least 12 months to establish a credit reputation and may include any account that is open and active, or any account that has been open but may now be closed.

Lenders must continue to establish a minimum payment history through a non-traditional report as explained in Lender Handbook 3555, Chapter 10.6 if two valid trade lines are not on the credit report. Non-traditional credit may **not** be used to enhance poor payment records or low credit scores.

Loans underwritten with the assistance of Guaranteed Underwriting System (GUS) receiving an "Accept" recommendation are also subject to the credit score validation of this paragraph.

A trade line in a documented dispute with 12 months of history is considered an eligible trade line.

The inability to validate credit scores used by GUS requires lenders to downgrade an "Accept" underwriting recommendation to a "Refer" and to establish a minimum payment history through use of a non-traditional report.

Call (515) 284-4667, email rd-grhia@ia.usda.gov or visit www.rd.usda.gov/ia for more information.

Last year, 2,300 rural Iowa families and individuals purchased homes through USDA Rural Development's guaranteed home loan program and more than \$230 million is currently available to qualifying households in rural Iowa.

USDA Guaranteed Home Loan Program - Additional Information and Resources

A regular electronic newsletter titled "SFH Origination News" is a tremendous resource for news and information. To subscribe visit www.rdlist.sc.egov.usda.gov/listserv/mainservlet.

USDA Rural Development's current 3555 Lender Handbook can be found at www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb13555.

Additional program information and training is available on the Lender Interactive Network Connection (LINC) Training and Resource Library at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>.