

TOWNE MORTGAGE COMPANY

BULLETIN

TO: Our Valued Clients

DATE: February 16, 2016

SUBJECT: RD Credit Validation Requirement

BULLETIN: 16-03

***** IMPORTANT NOTICE *****

RD has modified their guidelines to require only two traditional historical trade lines instead of three. Our RD guidelines posted on the website will be updated shortly.

Thank you,
Operations Group
Towne Mortgage Company



February 12, 2016

Credit Validation Requirement - Important Update

Effective immediately, an applicant's credit score may be validated with at least **two** eligible trade lines instead of three trade lines as previously required. Such trade lines consist of credit accounts (revolving, installment, etc.) with at least twelve months of repayment history reported on the credit report. Corresponding revisions to the 3555 Handbook will be posted on the [USDA Rural Development's Regulation and Guidance](#) website on March 9, 2016.

At least one applicant whose income or assets are used for qualification must have a valid credit report score or have at least **two** historical trade line references that have existed for at least 12 months to establish a credit reputation.

For applicants without an established credit history and unable to establish the required number of eligible trade lines to validate the credit score, alternative methods may be used to evidence an applicant's willingness to pay, such as a non-traditional mortgage credit report or multiple independent verifications of trade references per 7 CFR 3555, Section 3555.151 (i)(6).

Non-traditional credit may not be used to enhance poor payment records or low credit scores. GUS applications receiving an "Accept" underwriting recommendation, but which fail to meet the credit score validation test using a traditional credit report, must be downgraded to a "Refer" by the lender. In these instances the use of a non-traditional credit history will be required in order to proceed.

Thank you for your support of the Single Family Housing Guaranteed Loan Program. Questions regarding this announcement may be directed to the National Office Division at (202) 720-1452.