



MEMORANDUM

TO: NIFA Participating Lenders
FROM: Stacy Fotinos, Homeownership Operations Manager
DATE: July 17, 2018
SUBJECT: Memo #18-25, Clarification to Credit Underwriting Overlays

NIFA is sending this memorandum as clarification to our credit underwriting overlays. We recently received confirmation from U.S. Bank Home Mortgage with respect to loans that have one or more borrowers with no credit score.

Automated Underwriting System (AUS) Approval

Government loans submitted to DU, LP or GUS that return findings of **Approve/Eligible, Accept** or **Accept/Eligible** are allowed, even when one or more borrowers on the loan do not have a credit score. Manual underwriting is not required in this situation.

Conventional loans submitted to DU that return findings of **Approve/Eligible** are allowed, even when one or more borrowers on the loan do not have a credit score. Manual underwriting is not required in this situation.

Underwriter Downgrade to Manual or Non-Traditional Credit

Government and conventional loans not AUS approved must follow applicable agency guidelines for manual underwriting. There is a 660 minimum for borrowers with a credit score. Non-traditional credit sources are allowed for borrowers with no credit score.

Please note the more restrictive 31% housing and 43% total debt-to-income ratios apply when loans do not have an AUS approval.

A complete guide to NIFA's summary of Credit Underwriting Overlays can be found in the Program Documents section of Lender Online.

Please let us know if you have any questions.