



## IMPORTANT ANNOUNCEMENT

TO: Approved Homestar Rural Housing Originators  
DATE: February 16, 2010  
FR: HOMESTAR WHOLESAL DIVISION  
RE: CREDIT SCORE AND CREDIT REPORT REQUIREMENTS

**ALL LOANS MUST BE RUN THRU 'GUS' AND RECEIVE AN ACCEPT OR REFER RESPONSE.**

### HOMESTAR CREDIT SCORE REQUIREMENT

- 620 Credit Score on each borrower.
- At least Two Scores on each borrower.
- One Score and No Score borrowers are not acceptable.

### FOR THE BORROWER(S) CREDIT SCORES TO BE CONSIDERED VALID:

1. The credit report must contain at least ONE (1) traditional trade lines that is active within the last 24 months with at least 12 months history for each borrower on the application.
  - Authorized user accounts are not considered a valid trade line.
    - Exceptions can be made for authorized user accounts.
      - If the relationship of the borrower to the owner of the account can be established.
      - If the borrower uses the account.
      - If the borrower makes the payments on the account.
  - Student loan accounts that are in a deferred status are not considered valid trade lines.
  - Collection, charge off's, and bankruptcy accounts are not considered valid trade lines
  - The credit report must have the current scoring models from EQUIFAX Beacon 5.0; TRANS UNION FICO 04; and EXPERIAN Fair Isaac Ver. 2 to be considered a valid score (NOTE: TRANS UNION 98 scoring model is no longer valid)

### EXCEPTIONS CAN BE MADE TO THE CREDIT SCORE POLICY STATED ABOVE IN # 1 if:

1. Two (2) Non-Traditional Credit reference provided on each borrower listed on the application.
  - All Non Traditional Credit must be added to the credit report as an alternative trade line.
  - Credit letters, and print out will not be accepted all VOR should be completed by the credit agency or 12 months canceled checks should be provided. Private VOR is not acceptable even if completed by the credit agency.
2. If TWO (2) alternative trade lines **cannot** be provided on a borrower then the HFC Underwriter based upon their judgment can still approve the loan if the loan file contains sufficient compensating factors and does not contain multiple layers of risk.

As always, we appreciate your support of the home financing needs of rural America. If you have questions or need additional information, please feel free to call your HFC Account Executive.