

MLBWHOLESALE
 Making Lives Better

A Guide to No-FICO Lending

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🏠 NMLS #1101220

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What Does “No-FICO” Mean?

- No usable credit score (not just low credit)
- Different from “thin file” borrowers
- Must use **nontraditional credit**
- Requires **manual underwriting**

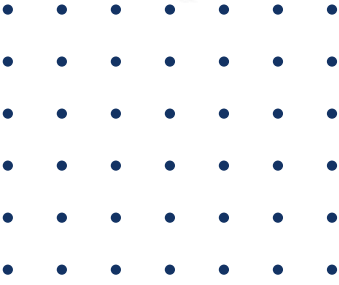




Why This Matters

- Millions of borrowers are **credit invisible**
- Strong payment history, but not reported
- Opportunity to:
 - Win more deals
 - Serve underserved borrowers
 - Differentiate from others





Conventional vs. Government

Conventional:

- Fannie Mae
- Freddie Mac
 - *Narrow, stricter, overlay-heavy*

Government:

- FHA
- USDA
- VA
 - *More flexible, manual-friendly*





CONVENTIONAL NO-FICO REQUIREMENTS

Conventional No-Score loans are possible, but they require a very specific credit profile and strong documentation. These files are limited to primary residence transactions with conservative eligibility requirements, verified nontraditional credit references, and a clean housing payment history.

Key Takeaways

- Primary Residence only
- 1-unit only
- Fixed rate only
- Purchase or limited/no cash out refi
- **Max 95% LTV**
- **DU Approve/Eligible or LP Accept**
- MGIC must be used as the MI company

Must be:

- 4 nontraditional tradelines required on Fannie Mae
- 2 payment references minimum on Freddie Mac
- Strong housing history required
- Conservative DTI approach (~36%)



FHA NO-FICO REQUIREMENTS

FHA allows borrowers without a traditional credit score to be considered through **manual underwriting** using verified nontraditional credit. Strong rent history, recurring payment references, and clear documentation are key to building the borrower's credit story.

Key Takeaways

- Primary Residence only
- **96.5% LTV**
- Fixed rate only
- Purchase or limited/no cash out refi
- **31/43% Max DTI**

Payment History

- Verification of Rent (VOR or cancelled checks)
- 12+ months of bills showing:
 - Due date
 - Payment date
 - On-time history
- Bank statements supporting payments
- Letter of Explanation (if needed)



FHA MANUAL UNDERWRITES

- Housing history must be verified and paid as agreed
- **Chapter 7:** 24 months since discharge
- **Chapter 13:**
 - 12 months since discharge, or
 - Open \geq 12 months with trustee approval
- **Foreclosure:** 36 months since the event
- Family gift funds allowed





FHA CREDIT HISTORY

Last 12 months

Housing/Installment: **0 late payments**

Revolving: max **2x60**, no 90+ lates

Months 13-24

Housing/Installment: max **2x30**

Revolving: lates permitted





VA NO-FICO REQUIREMENTS

VA does not set a minimum credit score, making it one of the most flexible options for eligible borrowers with no usable FICO score. The focus is on the borrower's overall credit profile, residual income, payment history, and ability to repay.

Key Takeaways

- Primary Residence only
- **100% Financing**
- Fixed rate only
- Purchase or Cash Out 1/Cash Out 2
- DTI may exceed 50% with strong compensating factors

Payment History

- **1-month reserves required**
- Residual income **must** be met
- 2-year employment history
- 12+ months of bills showing:
 - Due date
 - Payment date
 - On-time history



VA MANUAL DTI

Most lenders cap DTI at 50%, but VA loans offer more flexibility.

Allowing DTIs above 50% when strong compensating factors support the file, subject to underwriter discretion.

Some Compensation factors are:

- Reserves (in addition to any reserve requirements on the loan)
- Lower LTV (lower than 100%)
- Good residual (more than double the minimum required)
- Excellent credit history
- Long Term Employment

See Chapter 4 of the VA Handbook for the full list https://benefits.va.gov/warms/pam26_7.asp





USDA NO-FICO REQUIREMENTS

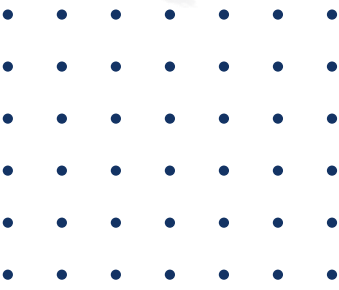
USDA allows borrowers with no usable credit score to use nontraditional credit, such as rent, utilities, insurance, cell phone, or other recurring payment history. Files must be well-documented, and rent history is especially important when building the borrower's credit profile.

Key Takeaways

- Primary Residence only
- **100% Financing**
- Fixed rate only
- Purchase or limited/no cash out refi
- **29/41 max DTI**
- Refer or Refer with Caution GUS

Payment History

- **3 months reserves required**
- **3+ tradelines required**
- 12 months minimum on-time history
- Stable employment
- Strong Rent History
- Must be \leq **115%** of the area median income
- Must be in a USDA-eligible rural/suburban area



Acceptable Tradelines

- Rent
- Utilities
- Cell phone/internet
- Insurance
- Childcare/tuition
- Medical payment plans





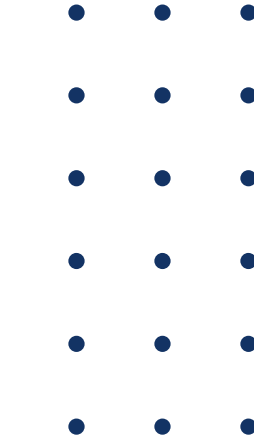
RESOURCES

Reach out to your Account Executive for more

View MLB's programs [here](#)

Videos and Presentations [here](#)





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