



# Seller Guide Update



SEL-2022-068: FHA Positive Rental History

December 2, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

## Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input type="checkbox"/>	Conv. (Freddie)
<input type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input checked="" type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

## Effective Date: Immediately

FHA will consider positive rental payment history in the credit risk assessment for first time homebuyers in a purchase transaction that could result in the AUS response moving from a Refer to Accept/Approve.

## Definitions

Positive Rental Payment History refers to the on-time payment by a borrower of all rental payments in the previous 12 months. A rental payment is considered to be on time when it is paid within the month due.

As defined by HUD, a First Time Homebuyer refers to an individual who has not held an ownership interest in another property in the three years prior to the case number assignment. First Time Homebuyer includes an individual who is divorced or legally separated and who has had no ownership interest in a principal residence (other than joint ownership interest with a spouse) during the three years prior to case number assignment.

The Minimum Decision Credit Score (MDCS) refers to the credit score reported on the Borrower's credit report when all reported scores are the same. Where three scores are reported, the median score is the MDCS. Where two differing scores are reported, the MDCS is the lowest score. Where only one score is reported that score is the MDCS. An MDCS is determined for each Borrower. Where the Mortgage involves multiple Borrowers, the Mortgagee must determine the MDCS for each Borrower, and then select the lowest MDCS for all Borrowers.

Where the Mortgage involves multiple Borrowers and one or more of the Borrowers do not have a credit score (non-traditional or insufficient credit), the Mortgagee must select the lowest MDCS of the Borrower(s) with credit score(s). These loans must meet U.S. Bank guidelines outlined in Section 711.7 Credit/Debit Underwriting. Lenders are encouraged to refer to the Product Guides and Overlay Matrices.

## Requirements and Documentation

A Lender may submit the transaction to TOTAL Mortgage Scorecard indicating a Positive Rental Payment History provided:

- the transaction is a purchase;
- at least one Borrower is identified as a First Time Homebuyer;
- the MDCS is 620 FICO or greater; and
- at least one Borrower has a documented history of a positive rental payment history with monthly payments of \$300 or more for the previous 12 months.

Note: Please refer to Product/Program guidelines for U.S. Bank FICO requirements.



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**Requirements  
and  
Documentation,  
continued**

To verify the Borrower's rental payment history, the Mortgagee must obtain a copy of the executed rental or lease agreement and one of the following:

- written verification of rent from a landlord with no Identity of Interest with the Borrower; or
- 12 months canceled rent checks; or
- 12 months bank or payment service statements documenting rents paid; or
- landlord reference from a rental management company.
- Borrowers renting from a Family Member must provide a copy of the executed rental or lease agreement and 12 months canceled checks or bank statements to demonstrate the satisfactory rental payment history

Desktop Underwriter (DU) has been updated with a Positive Rental History indicator. This indicator will only be edited to YES if the borrower meets all above requirements. The DU Feedback Certificate will reflect positive rental payment history was received and documentation is required.

Do not select NO in the indicator for borrowers' with negative rental history. Follow FHA requirements for rental history that is not positive.

**System Changes**

DU has been updated with an indicator that the Lender may use when a positive rental payment history has been documented and submitted for one of the Borrowers.

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**Questions**



**Correspondent:** Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

**HFA:** Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.

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