

Acceptable Alternative Credit Sources

HomeStart Capital LLC requires a minimum of two to three current tradelines with 12 months reviewed. In the event the borrower does not have two traditional tradelines appearing on the credit report, alternative credit sources may be acceptable. A non-traditional credit report or letters from the creditors will be accepted.

Acceptable credit sources include:

- A. Gas Companies
- B. Electric Companies
- C. Water Companies
- D. Phone Companies
- E. Cable Companies

A-E can be a letter from the company; 12 months billing statements or printouts that show amount due, payment amts and date payments received; verified on credit report

- F. Licensed Daycare Provider ***

In order to use the licensed daycare, we will need a letter showing the amount paid each month, the date started there and the payment history. We will also need a verifiable phone number and we will either need to be able to verify on-line through a state/county website that the daycare is licensed or they will need to provide proof that they are licensed. The daycare payment MUST be included in the borrower's DTI.

- G. Cell phone (from actual carrier)

The cell phone alt credit must come from the payment processing center of the carrier – it cannot be from the store where they purchased the phone or the plan. We will accept a letter from the carrier with a verifiable phone number; or it can be verified through the credit bureau (the number they call must be the carrier as well); or the borrower can provide 12 months billing statements that show amount due, payment amts and date payments received.

- H. VOL from verifiable car lot with copy of car title ***

We will accept a VOL for an auto with the following: a verifiable phone # for the car lot/lender. A copy of the car title / title registration receipt or a copy of the contract (for liens currently outstanding) – all information must match up with the lien history given in the letter (the owner, lienholder, dates, car make/model). Information not matching is probably the biggest issue with using this as an alternative credit source. The car payment MUST be included in the borrower's DTI.

- I. Auto Insurance or *Renter's Insurance* including payment history from insurance underwriter (insurance must be paid on monthly basis, not lump sum)

Insurance is acceptable as long as the letter comes directly from the payment processing center or insurance underwriter. We do not accept letters from the agent's office. The insurance payment history can also be verified through the credit bureau (again, the number that they call must be the payment processing center or insurance underwriter and not an agent's office); 12 months billing statements or a computer generated payment printout that does not show any lapses in coverage or any late payments over 30 days.

- J. Rent-To-Own stores – must include the payment history printout ***

Major Rent-To-Own stores are acceptable only when the store provides the payment history printouts to our borrower. Because these contracts vary in length and our borrower's will typically take out a short-term contract, pay it off and then later take out a new contract, we need the payment printouts to determine that we truly have a 12 month consecutive payment history. The payment amount, if any, MUST be included in the borrower's DTI.

K. Medical Insurance payments (excluding payroll deductions)

Medical Insurance payments will be acceptable as long as they are not automatically deducted from their paychecks. Insurance is acceptable as long as the letter comes directly from the payment processing center or insurance underwriter. We do not accept letters from the agents office. The insurance payment history can also be verified through the credit bureau (again, the number that they call must be the payment processing center or insurance underwriter and not an agent's office); 12 months billing statements or a computer generated payment printout that does not show any lapses in coverage or any late payments over 30 days.

L. Life Insurance Policy payments (excluding payroll deductions)

Life Insurance payments will be acceptable as long as they are not automatically deducted from their paychecks. Insurance is acceptable as long as the letter comes directly from the payment processing center or insurance underwriter. We do not accept letters from the agents office. The insurance payment history can also be verified through the credit bureau (again, the number that they call must be the payment processing center or insurance underwriter and not an agent's office); 12 months billing statements or a computer generated payment printout that does not show any lapses in coverage or any late payments over 30 days.

*M. Lease payments related to durable goods (including car leases) ****

Lease payments will be acceptable with a letter from the company; 12 months billing statements that show amount due, payment amts and date payments received; verified on credit report. In all cases, a verifiable phone number for the leasing company must be provided and the payment MUST be included in the borrower's DTI.

*N. Local store payments from verifiable store (department, furniture or appliance) ****

Lease payments will be acceptable with a letter from the company; 12 months billing statements that show amount due, payment amts and date payments received; verified on credit report. In all cases, a verifiable phone number for the store must be provided and the payment MUST be included in the borrower's DTI.

O. Proof of patterned savings from a depository institution (minimum of 6 months statements)

All pages of the bank statements must be provided. The underwriter will consider, the deposit history, balances carried, any NSF or overdraft activity when determining if the savings history will be allowed as an alternative credit source.

P. Medical bill payments (cannot be payments on a collection account)

Medical bill payments will be acceptable with a letter from the company; 12 months billing statements that show amount due, payment amts and date payments received; verified on credit report; payment history printout from the creditor. In all cases, a verifiable phone number for the creditor must be provided.

Q. School tuition payments (on a monthly or quarterly basis)

School tuition payments will be acceptable only when the borrower pays them on a monthly or quarterly basis. A letter from the school; 12 months billing statements that show amount due, payment amts and date payments received; verified on credit report; payment history printout from the school. In all cases, a verifiable phone number for the school's finance office must be provided.

*** Payment on this tradeline must be included in borrower's total debt ratio for qualifying purposes.

Unacceptable credit sources include:

- A. Boutique or clothing shops
- B. Jewelry store
- C. Independent Catalogue sales (ie, Avon, Mary Kay, etc.)
- D. Payment plan with attorney's office
- E. Gym membership
- F. Storage rental
- G. Car repairs or services
- H. Pawn shop
- I. Employer loans
- J. 401k loans
- K. Bottle or purified water companies
- L. Funeral plots

All credit letters provided must be from a verifiable business. Original credit letters may be required at the underwriter's discretion.