



Is it possible for a person who has no credit score to qualify for a mortgage loan?

Yes, it is. MFA accepts what is known as “alternative” or “nontraditional” credit.

When underwriting a loan for a borrower with alternative credit, the lender must verify that he or she has made regular and timely payments consistently over a period of time. Generally, the lender needs to verify at least four sources that have at least a two-year track record.

For instance, a borrower’s rental history can be evaluated to help determine his or her creditworthiness. If rent payments are well documented as having been paid on time, a lender believes there is a likelihood that the borrower will pay their mortgage on time as well.

Other examples of alternative credit can include monthly payments for auto insurance, utilities, storage unit rentals, cell phone service and even some medical accounts that are on a structured repayment plan.

It is important to note that alternative credit accounts **MUST** be in the borrower’s own name in order to be verified.

QUICK FACTS

A borrower who has no credit score may still be able to obtain a mortgage loan.

MFA accepts alternative or non-traditional credit.

Lenders generally require at least four sources of alternative credit that can be verified.

Rent, utility and auto insurance payments are examples of non-traditional credit accounts.

Not all lenders offer this service so be sure to call and ask!

A person who is living with his or her parents may be helping pay utilities; however, if the utility accounts are in the parents' names, it wouldn't be considered an acceptable source.

Using alternative credit requires the lender to manually underwrite the loan. Because the process can be very time-consuming and labor intensive, not all lenders are able to offer this service.

We recommend that borrowers call the lender to inquire.

A list of MFA-approved lenders can be accessed here:

[Find a Participating Lender](#)

*Any questions? Please call an
MFA homeownership
representative at 505.843.6881*

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