



First Time Borrower Loans

First Time Borrowers have no established credit history and thereby we have no payment record to review in the underwriting process. With no history, the member will have no FICO score in most cases. However, some borrowers may have deferred student loans that have allowed a FICO score to report, these borrowers are still considered First Time Borrowers.

- If the member has neither a credit score, nor a co-signer, then the loan will require 2 signatures, per the Loan Review Policy for all scores below 625.
- If the member has a credit score due to student loans or accounts marked Authorized User, the rate should be based on their FICO, but the limits below should be followed for LTV and loan dollar caps.
- If the member has no score but has a co-signer, we base the loan terms/need for approval on the co-signer's credit score.
- If the member has a score **and** a co-signer, we base the loan terms/need for approval on the average of the member's and co-signer's credit scores.

The following guidelines should be followed when reviewing loan requests from a First Time Borrower:

Considered Thin File if less than 18 months of history on at least 3 trades (add 2% to rates for all loans Except HELOC, VISA and Overdraft)

Unsecured Debt:

- Matrix for Unsecured Credit with 0 FICO Allows for \$1000 Max Unsecured
- Member must be on job or same type of work for at least one year to qualify for an unsecured loan
- NO Outstanding or Prior Derogatory Credit

Secured Debt – Auto Loan: (No Prior Auto Credit on File or Less Than 6 Month Payments History on Auto Loan)

- Max Front End LTV to Finance will be determined by FICO and collateral age per current Rate Sheet but should be no more than 85% MAX LTV
- Max Front End Amount to Finance - \$15,000
- Minimum of \$1000 Cash Down on Purchase from Borrower w/out Co-signer (*some "in kind" trade in allowed*)
- Vehicles with over 100,000 miles for First Time Borrowers Allowed with Shortened Term by 6 Months
- Must be Employed for Minimum of 12 Months Consecutively
- NO Outstanding Derogatory Credit

Co-Signer Loans

Co-signers are responsible for making the payment on a loan in the event the borrower(s) are unable or unwilling to pay. Co-Signers are someone who does not directly benefit from the proceeds of the loan (unlike Co-borrowers such as a spouse).

A well-qualified Co-signer will have good credit history and the new payment must fit within their individual Debt Ratio within the loan policy limit.

Conditions that MAY Require a Co-signer:

- Limited work history (usually less than one year)
- A Minor under the age of 18 (*Cannot be primary borrower unless at least 18 yrs old*)
- A Member with limited or no credit history
- A Member with a credit score below 625, and requesting more than qualified loan to value

* If the Borrower has thin or no credit, a Co-Signer will cancel the need to add 2% for a thin file.

* If the Borrower has a recent bankruptcy, even with a Co-Signer, the 2% add for recent bankruptcy will still need to be added.