



Mortgage Credit Insight FAQs

This document provides perspective on how mortgage credit alerts are generated.

When you receive a mortgage credit alert from Total Expert, the consumer who is being monitored has had their credit pulled by another lender. That consumer has been prescreened for creditworthiness to receive a firm offer of credit by your institution and is actively in the market for a change in mortgage. The following information explains what happens behind the scenes before that mortgage credit alert is delivered.

Total Expert Mortgage Credit Insight Onboarding

When a lending institution chooses to monitor contacts pulling credit for a mortgage at another institution, there are multiple things that need to happen.

- **Fair Credit Reporting Act (FCRA) paperwork** – This ensures that the lender will use the alerts as allowed by the FCRA. This is a 26-page document that validates the business for eligibility to receive alerts while adhering to specific state rules.
- **firm offer of credit (FOC)** – For a lender to be able to monitor credit of current and past customers in their portfolio, an FOC must be delivered to the consumer as soon as possible after the consumer has been validated to be approved for a mortgage based on the underwriting criteria laid out by the lending organization. An FOC must be delivered by either:
 - email
 - physical mail

If an FOC is sent by email but that email bounces, then a printed FOC must be sent when the bounce notification is received. The FCRA dictates strict rules about what must be included in the FOC. The FOC is validated by the credit bureau to ensure FCRA requirements are met.

Credit Underwriting

Once the FCRA paperwork has been signed and the FOC process has been implemented, the lender then chooses to offer credit to individuals based on each individual consumer's credit file. This is accomplished by "prescreening for permissible purpose" which means that the acceptable credit attributes have been set with the credit bureaus. When a consumer on the mortgage credit alert watch list has their credit pulled by another lender, this creates an alert at the credit bureaus.

The credit bureaus take the file for a consumer who has had their credit pulled by another institution and match their credit profile to the list of underwriting criteria that was authorized by the lender. There are hundreds of decisions that go into the creditworthiness of a consumer; here are a few examples:

- credit score
- debt-to-income ratio
- special flags, such as:
 - PO box, do not solicit, deceased, blank or invalid SSN, disaster ZIP code
- bankruptcy
- delinquencies



Suppression Codes

To ensure that the credit file that was pulled was not initiated by the lending institution that is monitoring the consumer, the credit bureaus use suppression codes. The current process has the lender supply their suppression codes.

Potential Problems

Over the course of business, lender codes may be generated with entry to new states, addition of branch levels, and when different lines of business open. This makes it challenging to properly identify all suppression codes at the beginning of credit monitoring.

If you have a consumer who generated an alert and you believe that the consumer did not have their credit pulled by another institution, please have that information sent to your support team (support@totalexpert.com) at Total Expert. TE will have the credit bureau pull the credit report of the consumer and see whether the consumer had their data pulled by another institution (which is common) or it was pulled by their institution using a suppression code that was not identified during the onboarding process.