

WHOLESALE BULLETIN

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17W-107

Attention: Business Development Managers & Mortgage Brokers

November 14, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Desktop Underwriter/Originator – Frozen Credit Report Update

Fannie Mae has announced they will be updating DU versions 10.0 and 10.1 to include Frozen Credit Report changes described below. This change will apply to DU Versions 10.0 and 10.1 loan casefiles submitted or resubmitted to DU on or after the weekend of November 18, 2017.

DU currently issues an error message when a borrower has a security freeze on their credit report with Equifax, Experian, or TransUnion. DU will now be updated to underwrite loan casefiles when a borrower has placed a freeze on their credit report at only one of the three credit repositories.

When credit is frozen at one of the three repositories, the loan casefile will be underwritten using the credit data received from the other repositories, and DU will issue the following Potential Red Flag message:

Based on the credit data received, a borrower has frozen their account with one of the credit repositories. No data from that repository was used in underwriting the loan casefile. The lender remains responsible for preventing fraud, which includes, but is not limited to, ensuring the borrower's identity has been verified. In addition, the lender must continue to investigate any liabilities or derogatory credit that is disclosed by the borrower but not reflected on the credit report.

When credit is frozen at one of the three repositories, and no credit scores are received from the other two repositories, DU will evaluate the loan casefile using the guidelines specific to borrowers without traditional credit and issue a Potential Red Flag message. This new message will inform the lender that the borrower has frozen their account with one of the credit repositories, there is no data available from the other two repositories, and that the lender remains responsible for ensuring the borrower's identity has been verified and any credit disclosed by the borrower is investigated.

Note: *If credit is frozen at two or more of the credit repositories, DU will issue an Error recommendation and a message stating the loan casefile cannot be underwritten because a borrower has frozen their account at two or more credit repositories.*

Additional information regarding manually underwritten loans for borrowers who have placed a security freeze on their credit report will be provided in a future update.

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