

## Section 1.27 - Credit Report and Credit Vendor Guidelines

---

**In This Section** This section contains the following topics.

Overview .....	2
General .....	2
Approved Credit Scoring Models .....	2
Foreign Credit Reports .....	2
Related Bulletins .....	3
General .....	3
Risk Based Pricing Disclosure .....	4
Fair and Accurate Credit Transactions Act (FACT Act) .....	5
Credit Report Fees .....	5
Age of Credit Report .....	5
Non-Traditional Mortgage Credit Reports (NTMCRs) .....	6
Setting Up Accounts with Credit Reporting Vendors .....	6
Corrections to the Credit Profile .....	6
Use of Credit Repair Vendors .....	7

---

## Overview

---

### General

#### Agency Loan Programs

Reference: See the “Credit Reports” subtopic within the “Credit Requirements” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

#### Non-Agency Loan Programs

- When a credit report is used to determine a borrower’s credit worthiness, it must be a merged in-file credit report requested from three (3) credit repositories (i.e., Equifax, Experian and Trans Union).
  - When the loan file is underwritten to non-AUS guidelines, copies and/or fax copies of documentation may be provided directly from the borrower to the Correspondent lender with written certification from the borrower that the copies are true and accurate copies of the original documents.
- 

### Approved Credit Scoring Models

#### Agency Loan Programs

Reference: See the “Credit Score Requirements” subtopic within the “Credit Requirements” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

#### Non-Agency Loan Programs

SunTrust will only accept credit scores that are generated using specific scoring models from each of the three (3) major credit bureaus.

The following versions of the classic FICO score are required:

- Equifax Beacon<sup>®</sup> 5.0
  - Experian<sup>®</sup>/Fair Isaac Risk Model V2SM
  - TransUnion FICO<sup>®</sup> Risk Score, Classic 04
- 

### Foreign Credit Reports

SunTrust does not permit the use of credit reports or scores from a foreign country.

---

## Related Bulletins

---

### General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2018](#)
- 2017
- [2016](#)

**Note:** There were no Related Bulletins for 2017.

---

## Risk Based Pricing Disclosure

---

### Risk Based Pricing Disclosure

- A new rule issued by the Federal Reserve Board and the Federal Trade Commission (Regulators), amends the Fair Credit Reporting Act (FCRA) regulations, and requires a lender that uses a credit report or score in connection with a credit decision to send a notice to a consumer when, based on a credit report or score, the lender grants credit on “material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers.” The new rule is referred to as the *Risk-Based Pricing Rule*, and compliance is required on applications received on or after **January 1, 2011**.
  - **SunTrust requires our Correspondent clients to comply with this new regulation for applications taken on or after January 1, 2011.** The closed loan package submitted to SunTrust by its Correspondent clients must contain a copy of either the “[Risk-based Pricing Notice](#)”, when applicable, or the “[Credit Score Disclosure Exception Notice](#)” that was provided to each applicant.
  - The disclosure rules are complicated, but the Federal Reserve Board and the Federal Trade Commission have provided an exception for the mortgage lending industry, intended to streamline compliance by eliminating the need to determine who should receive a “[Risk-Based Pricing Notice](#)”, and the need to target such notice to those individuals. In exchange for streamlined compliance, in lieu of the “Risk-based Pricing Notice”, mortgage lenders must provide a special notice to *all* consumer applicants. The notice must contain the consumer’s credit score, as well as additional information about credit scores. SunTrust has provided a model notice that incorporates the existing FCRA “Notice to Home Loan Applicant”.
  - Credit reporting service providers may be able to provide the “Credit Score Disclosure Exception Notice”, along with the credit report, if the client does not intend to provide the Disclosures in-house.
  - Additional information regarding the new rule is available at <http://www.gpoaccess.gov/fr/index.html>.
-

## Fair and Accurate Credit Transactions Act (FACT Act)

---

### Fair and Accurate Credit Transactions Act (FACT Act) Red Flag Regulation

- The FACT Act Red Flag regulation requires reviewers of consumer credit reports to apply thorough due diligence while responding to identity theft related fraud alerts.
  - Correspondent lenders are responsible for being in compliance with all federal, state and jurisdictional requirements related to the FACT Act.
  - Correspondent lenders are urged to consult their legal counsel to ensure that they are in compliance with The Fair and Accurate Credit Transactions Act (FACT Act) Red Flag Regulation.
- 

## Credit Report Fees

---

### Credit Report Fees

- The Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against an applicant based on marital status.
  - Charges for tri-merged credit reports on a joint application may not vary based on whether the applicant(s) are married or unmarried.
    - For example, a joint report may cost \$25.00 and an individual report \$12.50. If there are two unmarried borrowers, the cost of the credit report charged to each borrower must be exactly half of what a joint report would cost for married borrowers. It is potentially discriminatory to charge individual, unmarried borrowers more than half of what a joint report would cost married borrowers.
  - SunTrust requires a refund prior to purchasing any loan where the charge for unmarried joint applicants' credit reports is more when compared to married joint applicants.
- 

## Age of Credit Report

---

### Age of Credit Report

Reference: See the applicable loan program product description for product specific guidelines that apply regarding the age of the credit report.

---

## Non-Traditional Mortgage Credit Reports (NTMCRs)

---

### Non-Traditional Mortgage Credit Reports (NTMCRs)

Reference: See the applicable loan program product description for product specific guidelines that apply regarding non-traditional mortgage credit reports.

---

## Setting Up Accounts with Credit Reporting Vendors

---

### Setting Up Accounts with Credit Reporting Vendors

- The Fair Credit Reporting Act (FCRA) puts the responsibility on the lender ordering a credit report to request a report only for permissible purposes.
  - When accounts are established, the lender should only activate services for which they are allowed to use (e.g., credit reporting, rapid rescore, credit re-issue, flood certification).
- 

## Corrections to the Credit Profile

---

### Corrections to the Credit Profile

#### Agency Loan Programs

Reference: See the “Credit Reports” subtopic within the “Credit Requirements” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

#### Non-Agency Loan Programs

- Corrections to the borrower’s credit profile data should be made at the credit repository to ensure accuracy of information and to issue a new credit score.
  - When there are errors on the credit report and there is not sufficient time to have the repository make updates, appropriate documentation may be obtained from the borrower to verify the correct credit information.
-

## Use of Credit Repair Vendors

---

### Use of Credit Repair Vendors

#### Agency Loan Programs

Reference: See “Acceptable and Unacceptable Changes” in the “Credit Reports” subtopic within the “Credit Requirements” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

#### Non-Agency Loan Programs

- SunTrust prohibits the use of Credit Repair Vendors designed to help a borrower falsely repair their credit profile by manipulating the data to purposely improve their credit score.
- These tools purposely enhance the borrowers’ credit file to allow them to obtain credit for which they truly do not qualify.
- It is unacceptable to SunTrust to utilize a service that is knowingly used to change information on the borrower’s credit report for the purpose of making them credit worthy.
- If past, current or proposed usage of these credit repair services is revealed at any time during the loan process, the loan will be determined ineligible.
- The use of Credit Reporting Vendors mandated by the Fair Credit Reporting Act that offer corrective services to lenders to promptly update inaccurately reported borrower’s credit information are acceptable to SunTrust. With the proper documentation, this type of service allows the borrower to legitimately update their credit profile.

**Note:** Once the credit data is corrected, a new credit report must be ordered to reflect changes. The new credit report might reflect a new credit score. The information and the credit score reflected on the updated credit report must be used.

- It is important to SunTrust that our lenders are as knowledgeable as possible on the use of credit repair vendors. Awareness makes the lending process beneficial to the lender and SunTrust.
- SunTrust approves the use of credit monitoring, fraud alerts, and non profit credit counseling services to assist the customer in gaining insight about their credit circumstances as it relates to proposed financing with SunTrust.