Undisclosed debt is an industry problem

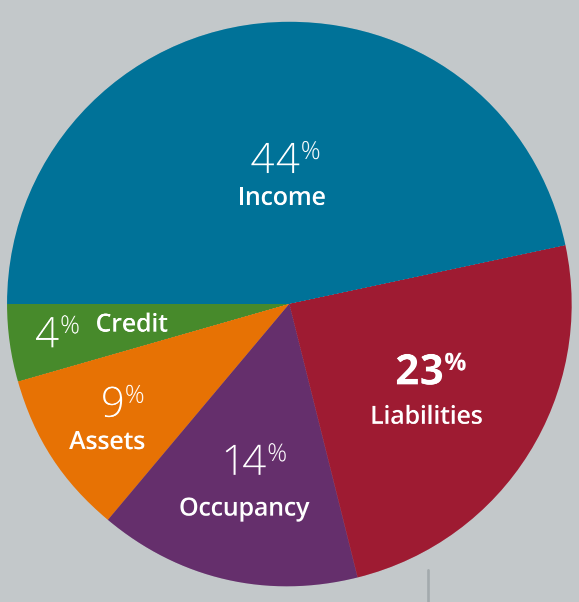
36% of borrowers who only opened 1 new trade line during the loan quiet period had an increased DTI ratio of 3% or more

If unchecked, undisclosed debt can result in losses

a 3% or more increase in a borrower's DTI ratio can result in expensive loan repurchase demands.

- Forced into expensive repurchase actions
- Negative impact on Government-Sponsored Enterprise (GSE) scorecard
- Regulatory action due to non-compliance with ability-to-repay based on 43% DTI ratio

Undisclosed debt still the focus of agencies



The "six boxes" every lender must check

The six "1003 boxes" that should be the focus of every lender's underwriting and QC program are:

- Undisclosed Liabilities (those that impact DTI)
- Income
- Employment Status
- Occupancy
- Borrower Authentication
- Property Valuation

23% of loans with mortgage fraud findings are caused by misrepresented liabilities

Equifax answers with Undisclosed Debt Monitoring™

What it is/does:

- Monitors all loans for new trade lines daily throughout the loan closing process
- Sends alerts when new inquires, trade lines, or other changes to the consumer's credit file occur

Undisclosed Debt Monitoring provides value to lenders and consumers

- Reduces mortgage fraud and expensive loan repurchase
- Streamlines underwriting and improves employee productivity
- Improves customer experience and satisfaction
- Improves the confidence level of investors, mortgage insurers and regulators

equifax.com/mortgage/udm

1 From Equifax analysis based on an anonymous sample of 105,000 mortgage applicants.
2 Fannie Mae, Mortgage Fraud Loan Trends 2016-2020, 5 year average – https://singlefamily.fanniemae.com/media/8461/display