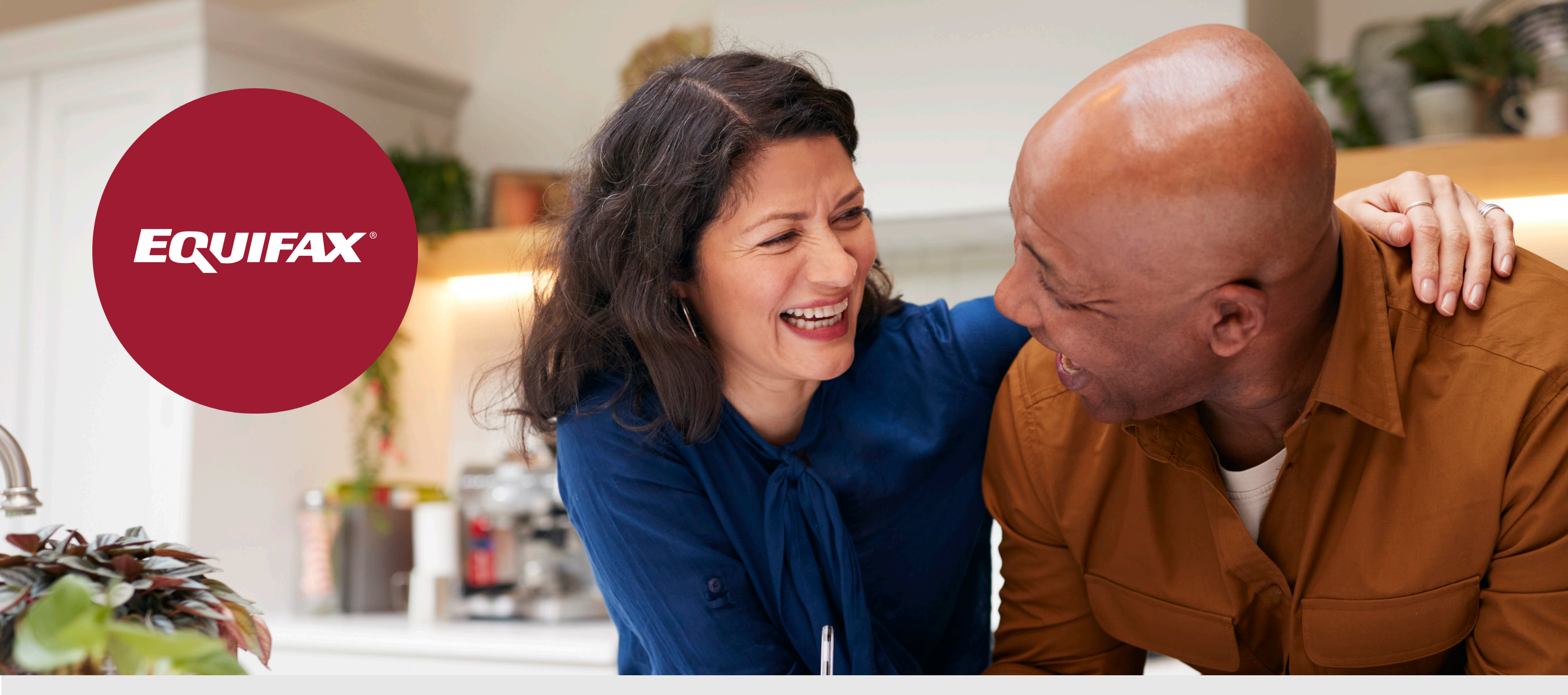


# Clear borrowers to close — with confidence

Avoid last-minute surprises with Undisclosed Debt Monitoring™ (UDM)

Mortgage approval is a cause for celebration — and a **time for caution.** Because now that the loan is approved, the borrower has entered "the quiet period."

During this time, borrowers are urged to keep their credit calm. Because any tradelines or loans opened in the quiet period are considered **undisclosed debt — which can cause problems for borrowers and lenders.**

**The quiet period:**
The time between application and closing where borrowers must stay financially silent.

SOLD

## Undisclosed debt is a **big deal**

Our analysis of ~1M U.S. consumers during the quiet period showed 44.3% of consumers who opened other loans during the mortgage origination process submitted those inquiries within the first 14 days.[1]

**If undisclosed debt isn't caught before closing, it can derail a mortgage loan or lead to costly repurchase demands.**

What do these unknown liabilities look like?

47%
are auto loans[2]

37%
are installment loans[2]

14%
are other mortgage loans (including HELOC)[2]

## We took a closer look at the quiet period to see **what's really going on**

After observing **~1M U.S. consumers** between mortgage origination and closing, the results were significant.

### Inquiries

46% of mortgage openers submitted other credit inquiries[1]

67% of inquiries were submitted within 30 days of the mortgage inquiry[1]

### Tradelines

10.7% of mortgage openers opened other tradelines before closing[1]

**Activity of the 11.5% of consumers who opened other tradelines[1]**

1 out of 10 consumers who closed on a mortgage opened other loans during the mortgage origination process

3.7%
opened another type of loan (personal loan, Buy-Now, Pay-Later)[1]

1.8%
opened an auto loan[1]

3.0%
opened a bankcard[1]

0.7%
opened a personal finance trade[1]

1.9%
opened a HELOC with their new mortgage[1]

0.4%
opened a student loan[1]

On average, consumers who opened other loans saw a 13-point drop in their credit score after mortgage closing.

## The quiet period can play out in many ways — with different impacts for borrowers and lenders

Three quiet period scenarios

### The Lees

The Lees were careful not to open any new inquiries or loans during the mortgage process.

Credit score remained stable

Loans were closed quickly and with confidence

The Lees happily moved into their new home as planned

### The Millers

12 days before closing on their house, the Millers applied for a new credit card.

Credit score fell three points

Broker immediately warned them not to accept — but the damage was done

Closing was delayed 7 days

Pre-closing fire drill added unnecessary effort, time, and stress

### The Howards

Two weeks into the quiet period, the Howards took out a new car loan.

Credit score fell 13 points

They no longer met mortgage underwriting requirements for closing

Lender wasted resources and broker lost referral business

If the lender already opened and resold the loan, they could be facing a costly buyback

## Lift the veil on undisclosed debt with **UDM from Equifax**

**UDM monitors for, and alerts on, loan or liability activity in the quiet period — 24/7/365.**

Avoid surprises at closing. Gain twice the monitoring power when you use TransUnion as an additional monitoring bureau.

## Don't get blindsided by hidden debt

Contact a rep today and see how Undisclosed Debt Monitoring helps ensure a more efficient mortgage process for everyone.

**equifax.com/mortgage**

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[1] Equifax data and analytics
[2] Data based on Fannie Mae's 2020 random and discretionary file selection reviews for all lenders.