First Guaranty
Mortgage Corporation

Announcement

06-21-2019
016-19

Self-Reported Tradelines

EFFECTIVE DATE: 06-21-2019

As a result of a new program called Experian Boost, some utility and telecommunication accounts may now appear in tri-merge credit reports. Although the trades do not impact the mortgage FICO score, they are considered in the Trade Summary section of the tri-merge and impact debt balances, number/types of credit and dates. Discussions have been held with our credit provider and these accounts cannot be suppressed. Experian Boost and other similar credit models have not been reviewed or approved for use by Fannie Mae, Freddie Mac, FHA, VA or USDA.

When a tradeline of this nature is reported on the tri-merge credit report, the tradeline should be excluded as a liability, with no consideration to the outstanding balance, monthly payment, but negative information should be addressed and considered in the borrower(s) overall profile. Further, the tradeline may not be utilized to build alternative credit for the borrower(s). Standard process for documenting alternative/nontraditional credit per existing policy still apply.

See the below Q&A for additional details:

Q. Is it true that the utility accounts are now included in credit reports as 'self-reported'?

A: Some utility and telecommunication accounts now appear in credit reports as a result of a new program called Experian Boost. Consumers may opt-in to the program and grant Experian permission to connect to their online bank accounts to collect utility and telecommunications payments. After the record is verified, Experian includes the detail in the credit file as shown below:

TELECOM SELF-REPORTED	03/19	--/--	$394	$394
		03/19	INST	001 $394
UTILITY COMPANY; ORIGINAL CREDITOR: CHKG/VERIZON				

Q. Do self-reported tradelines impact the score?

A. These tradelines do NOT impact the FICO score model used for mortgage and lending. The self-reported tradelines currently only impact Experian's FICO Score 8 model, which is not an approved mortgage-scoring model.

Q. Do self-reported tradelines impact debt-to-income (DTI)?

A. FGMC will not require self-reported utility and/or telecommunication accounts to be included in the debt calculation.

Q. Does negative information need to be considered?

A. The derogatory information should be reviewed to determine if the information is accurate or is it the result of an error/extenuating circumstance or is it a reflection of the borrower(s) ability or willingness to pay debts as agreed. If the derogatory information is a reflection of the borrower(s) ability to pay it should be weighed against the other credit information in the file. In any circumstance where adverse or derogatory information is identified it must be addressed and considered into the borrower(s) overall profile.

Credit Policy will continue to provide updates as additional information is received.

Please reach out to your Account Executive with any questions or concerns.

As always, thank you for your continued business and partnership.