



INSIDER  
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## Revealing the **hidden costs** that drive up **THE PRICE OF CREDIT**

**As a mortgage professional**, you've probably wondered why the cost of getting credit approval for your borrower can end up being much higher than just the sticker price of the credit report – and why does credit cost more for one applicant than for another?

There are a number of factors that influence how much your client ends up paying to get credit approval for a mortgage application. While each of the following factors may add only a small percentage to the overall price, when combined they can amount to a hefty increase:

### **THIRD-PARTY INVESTIGATION FEES**

Underwriters will often ask the mortgage services company to verify specific information provided by an applicant. Often, several investigations are required for the applicant, with each triggering its own fee. The most common investigation requests are:

- › Update mortgage history to current status
- › Verify student loan payment and deferment dates
- › Verify when an account was paid and closed
- › Verify an inquiry
- › Update the balance for loans and credit cards

### **SECONDARY USE FEES**

The reseller agreement from the repositories states that each purchased credit report is for one-time-use only. This means that every time the credit report is viewed by another end user, such as Fannie Mae or Freddie Mac, a secondary use fee must be paid. In essence, the credit report must be "re-purchased" each time some other entity looks at it, even if it is the exact credit report you already pulled and paid for.

### **GSE REISSUE FEES**

An additional fee must be paid each time a file is reissued and a new credit report is pulled during underwriting. A credit report is typically reissued only once to any given lender, but it may be reissued to multiple lenders to find the "best loan."

### **LOAN ORIGATION SOFTWARE INTERFACE FEES**

Virtually all of the major loan origination software companies charge a fee for every transaction that goes through their system. Individual fees are charged for each credit report, flood report, tax transcript, and any other report from a third-party vendor.

 [Read more on the back](#)

### **LEARN MORE:**

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Simply the best mortgage information services

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Revealing the *hidden costs* that drive up  
**THE PRICE OF CREDIT**



Understanding what drives up the cost of credit can help you keep the cost of credit down for your customers.

**THE COST OF PROVIDING FREE ANNUAL CREDIT REPORTS TO CONSUMERS**

Built into the base price of every credit report fee is the cost of compliance with the Fair and Accurate Credit Transactions Act (FACTA). This act mandates that consumers can request and receive a free credit report once every twelve months. By receiving free, yearly access to credit files, consumers can more easily monitor what is in their credit report and place alerts into their credit file if fraud is suspected.

**PRICE INCREASES FROM THE MAJOR CREDIT BUREAUS**

We are now heading into the fourth year in a row of price increases from the major credit repositories. Preliminary reports indicate that we can expect more of the same in the years to come.

**CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) ABILITY-TO-REPAY RULE AND QUALITY MORTGAGE STANDARDS**

New regulations designed to help prevent another housing crisis and protect consumers from getting into mortgages they can't afford require considerable investment from mortgage companies and credit reporting agencies. The cost of continual self-monitoring to ensure compliance will undoubtedly raise the cost of credit approval.

**FANNIE MAE LOAN QUALITY INITIATIVE (LQI)**

One of the main requirements of Fannie's LQI is that Lenders must have processes in place to monitor borrower credit throughout the origination process. Lenders have two options for achieving this, both of which add to the cost of getting credit – either an undisclosed debt verification service must be engaged or a second credit report must be pulled.

**Once you realize all the different costs that go into getting credit, it's easy to see how important it is to partner with a credit vendor whose goal is to keep those costs in control.**

The wide range of services and products offered by Credit Plus increases your efficiencies and helps keep costs down. We offer Simply the Best credit reporting and mortgage information services at simply the most reasonable prices.



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