



**FOR IMMEDIATE RELEASE**

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## **Fannie Mae's Loan Quality Initiative Places Greater Burden on Lenders**

New Loan Requirements Effective June 1, 2010

SAN DIEGO CA, APRIL 28, 2010 – Fannie Mae's Loan Quality Initiative aimed at mitigating lenders' repurchase risk has been updated to expand lenders' due diligence requirements throughout the loan process. Fannie Mae is placing several new pre-funding requirements on lenders' shoulders including: verification that all borrowers have a valid and accurate Social Security number (SSN) or Taxpayer Identification Number (ITIN), and confirmation at pre-funding that the borrowers have not acquired new debts and/or liabilities up to the funding date that would negatively impact their debt-to-income ratio.

Currently, Fannie Mae does not require lenders to confirm each borrower's identity prior to the extension of credit. For the past three years, loan repurchase requests have risen due to incomplete and inaccurate loan delivery data that often go undetected until the loans are delinquent or already through the foreclosure process. Therefore, as part of the Loan Quality Initiative, Fannie Mae will be requiring lenders to take steps to verify the accuracy of the borrower's SSN.

Fannie Mae's Loan Quality Initiative also directs the lender to actively evaluate any actions that may affect a borrower's ability to repay a loan, including identifying any undisclosed liabilities from debt incurred or closed up to and concurrent with the closing of a mortgage. Such liabilities may include new tradelines, increased debt on existing lines of credit, or new inquiries on the borrower's credit report that could signify additional credit not reflected in the credit report or disclosed on the loan application. If additional credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment.

The aforementioned requirements for all borrowers to have a valid SSN or ITIN, and an updated review of all undisclosed liabilities is effective for all loan applications dated on or after **June 1, 2010**.

"Because of lenders' growing concern that they will have to repurchase their loans from Fannie Mae, increasingly more lenders are now relying on SettlementOne's direct connection to the Social Security Administration to instantly verify the validity of their borrowers' SSN and produce corresponding confirmation," said Will Dillard, Vice President of Operations at SettlementOne Credit Corporation. "In addition, lenders are depending on SettlementOne to streamline the credit review process by providing a comparative summary report which instantly provides only the newly reported data from the bureaus in comparison to a previously filed credit report, allowing them to quickly identify any undisclosed liabilities without conducting a manual review of each file."

SettlementOne understands how important maintaining Fannie Mae compliance has become for lenders, and strives to proactively assist clients in meeting underwriting and eligibility requirements quickly and efficiently through the following service features:

- SSN Verification - Directly from the SSA
- Credit Comparative Analysis - Identification of new or undisclosed liabilities such as new inquiries, late payments, increase in tradeline debt ratios, and additional open trade lines
- Operational Efficiency – SSN Verification guaranteed within one hour & undisclosed liability comparison in real-time

**Experience why more lenders are choosing SettlementOne as their one source for settlement solutions.**

For more information on our products and services, please visit [www.settlementone.com](http://www.settlementone.com).

**SettlementOne. Your One Solution, Credit to Closing.**

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