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Fannie Mae to Introduce Equifax Trended Data and Verification Services to Underwriting Platform

New Fannie Mae Initiatives Seek to Help Improve Home Mortgage Market for Consumers and Lenders

ATLANTA, Oct. 19, 2015 /PRNewswire/ -- Fannie Mae announced today that in mid-2016 it will begin incorporating Equifax (NYSE: EFX) trended credit data, as well as the company's verified employment and income data via The Work Number® database, into its automated underwriting platform, introducing important changes to help strengthen the home mortgage market for both consumers and lenders.



Fannie Mae's inclusion of trended credit data in its underwriting platform will provide lenders access to additional insightful data, helping them more accurately assess risk through more advanced analytical tools. Integrating The Work Number's industry-leading employment and income verification data into Fannie Mae's underwriting system is expected to make the process simpler for consumers and reduce the potential for fraud.

"With these two dramatic steps, Fannie Mae is helping to make the home mortgage market smarter, safer, and open to more consumers," Craig Crabtree, General Manager of Equifax Mortgage Services said. "Increasing the use of trended data will help improve the evaluation of risk and reward the responsible use of credit, while incorporating Equifax verification services will help streamline the underwriting process. These moves are a win-win for consumers and the industry."

Equifax trended data expands the credit information used for evaluating a home loan applicant, supplementing the traditional moment-in-time snapshot of an applicant's credit balances with a more dynamic two-year picture of the applicant's history managing revolving accounts. With 24 months of historical data like payment and balance history, lenders will be able to examine and consider how consumers are managing their credit accounts over time.

Trended credit data will help lenders to differentiate between "transactors" and "revolvers." A home mortgage applicant with a large credit card balance who has a history of paying in full every month (a "transactor") is typically considered to be a better credit risk than an applicant with a large credit card balance who only makes the minimum required payment (a "revolver"). Existing credit reports, however, can't always differentiate between those two consumers.

"For some consumers who don't have a large amount of available credit, but pay their balances every month, trended data may potentially improve their ability to obtain a mortgage by providing lenders with a more complete picture of their credit behavior over time," Crabtree said.

Fannie Mae's announcement that it plans to begin incorporating The Work Number's employment and income verification data will have a significant impact by providing independent, third-party verification of employment and income for a larger portion of the mortgage market, reducing the potential for fraud.

The Work Number provides instant income and employment information to lenders and other entities when authorized by the consumer and utilized in compliance with state and federal Fair Credit Reporting Act (FCRA) requirements. Through The Work Number database, Equifax maintains employment and income information from nearly 5,000 employers nationwide, including more than 75% of the Fortune 500 companies and the majority of the federal government civilian employers. For loan applicants whose information is not contained in The Work Number database, Equifax offers a manual verification solution, whereby Equifax will reach out to the applicant's employer to attempt to verify employment and income information on the mortgage lender's behalf.

Under Fannie Mae's new initiative, mortgage lenders that use The Work Number will not be required to obtain W-2's or pay stubs from applicants. Equifax will independently verify employment and income without the applicant needing to provide additional paperwork in some instances.

"Increasing the use of Equifax verification services in the mortgage market will help make the mortgage process easier for consumers and help reduce lenders' exposure to potential fraud," Crabtree said.

About Equifax

Equifax is a global leader in consumer, commercial and workforce information solutions that provides businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 600 million consumers and 81 million businesses worldwide. The company's significant investments in differentiated data, its expertise in advanced analytics to explore and develop new multi-source data solutions, and its leading-edge proprietary technology enables it to create and deliver unparalleled customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 19 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. In 2014, Equifax was nominated as a Bloomberg BusinessWeek Top 50 company; its CIO was listed as one of the top 100 by CIO magazine; and the company was named to the Fintech 100 list, was recognized as a top 20 company to work for by the Atlanta Journal-Constitution, and was named a 2014 InformationWeek Elite 100 Winner. For more information, please visit www.equifax.com.

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