

# Mortgage Matters

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## **Don't Touch That Credit Report!**

Fannie Mae has a new lending policy in place that may affect your home loan closing. Since their loan delinquency rates and lender repurchase requests have been so high over the past three years, now they're asking for a second full credit screening just before your loan funds.

This last-minute credit report will be designed to find out whether you've obtained, or even shopped for, new debt between the date of your loan application and the closing. If you've made applications for credit of any type, for furnishings, utilities, or appliances for the new house, for a car, a home equity line, or a new credit card, the closing could be put on hold pending additional research by the lender.

If you've been foolish and taken out any new loan that is sizable enough to affect the debt-to-income ratio calculations used in your original loan approval, the deal could fall through. The added debt load could render you ineligible for the loan because you suddenly appear unable to handle the payments without a strain on your household budget.

Too, if your credit score has dropped, you may be subject to decline for not meeting the minimum standard, or you may face additional fees in the form of loan points for your lower score.

Fannie's so-called "loan quality initiative" will require lenders not only to pull two credit reports for each transaction, but also to perform additional verifications of borrower occupancy of the property and Social Security numbers.

To minimize problems at funding, Fannie will be making available a pre-delivery validation portal to identify and correct potential loan integrity issues as early in the loan origination process as possible.

While this policy formally applies to conventional loans at this time, be ready for it to spill over on to FHA, VA, and USDA loans in due course. Your best defense is to leave your credit profile alone once you've applied for your home loan, and wait until after the close of escrow to apply for any other credit.

Tammy Engel is your local Mortgage Advisor, and is the only lender in Kern County authorized to display the Lending Integrity Seal of Approval. Reach her at 661/822-REAL with your home loan questions.