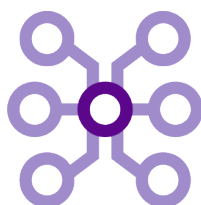


Mortgage Triggers: What Lenders Need to Know

Mortgage triggers are in the media repeatedly, and for good reason. When a consumer applies for a loan, the lender pulls that borrower's credit report and, in turn, triggers a hard inquiry. Once this occurs, that information is sold repeatedly, and competing lenders vie for that business. This creates a unique environment for the consumer, as they now have many lenders to consider. It also puts the application at risk with the initial lender.



What exactly is a trigger?

When a credit report is pulled through any credit reporting agency (CRA), the Fair Credit Reporting Act (FCRA) requires that a mortgage inquiry is noted on the consumer's credit report at each bureau. The credit bureaus sell these inquiry "triggers" as marketing leads to other lenders to help them identify consumers who are "currently in the market" for new loans. The bureaus have sold prescreen marketing leads based on a full range of consumer credit criteria to target specific consumers for many years. It has the full support of the Fair Trade Commission (FTC) to encourage competition among lenders and is completely permissible under the FCRA.

Despite concerns from clients, no CRA, including Xactus, can take any action to suppress these types of marketing triggers.

Leaving consumer contact details off applications makes no difference. The bureaus already have this information, and if they don't, many sources will provide it to lenders.

How can lenders delay the inevitable trigger?

Lenders can pull credit as a soft inquiry using Xactus' Pre-AppX report, which does not result in a trigger.

Pre-AppX: This solution helps you build relationships and prevent borrowers from leaving through soft credit pulls. Pre-AppX helps you develop a rapport with applicants, so when you pull a tri-merge hard inquiry, borrowers are more likely to stay with you. With Pre-AppX, you can:



Review trended credit data



Issue binding offers of credit



Bill consumers upfront



Obtain a soft inquiry on a consumer

Use of this product in early-stage lending can help you minimize your initial exposure to triggers.

How can I tell if someone in my portfolio is shopping for a mortgage?

Xactus doesn't proactively sell prospect triggers, but prospect triggers are resold by the bureaus and other entities.

We think it's important for you to be aware when someone is contacting your portfolio, that's why we offer Portfolio MonitoringX. This solution provides the industry's most affordable retention program. Tri-bureau Portfolio MonitoringX allows you to identify retention opportunities from within your client database. You'll be electronically notified once these opportunities are triggered, which can help you retain their business. Get a free 30-day look-back to see what new mortgage alerts you would have received during that time.

Can you eliminate exposure to triggers?

Once the required tri-merge hard inquiry occurs, the "marketable" trigger lead is immediately sold both in real time and within 24 hours.

Education is your best defense against triggers. Here are tactics to protect against outreach from other lenders:

- 1. Teach your borrower about triggers at the Pre-AppX stage.** Explain to your consumer what triggers are, how they work, and the likelihood of getting contacted by other lenders once their credit has been pulled.
- 2. Have your consumer sign up for OptOutPrescreen** at <https://www.optoutprescreen.com/> to prevent the bureaus from selling their information. This will stop all four credit bureaus (Equifax, Experian, Innovis and TransUnion) from selling a consumer's name as a trigger lead for at least five years. Once requested, opt-out takes approximately five days to go into effect.
- 3. Have your consumer add their name and phone number to the National Do Not Call Registry** at www.donotcall.gov or call 1-888-382-1222 from each phone number they wish to register. Once requested, it takes approximately 31 days for a name and phone number to be added to the registry.
- 4. Have your consumer register with the Direct Marketing Association's Mail Preference Service** to opt out of commercial mailings for five years, with a \$2 processing fee, at www.dmachoice.org. DMA distributes its lists quarterly, so the effective date varies based on when a request is submitted.

And please note: Only the consumer can register themselves with the agencies directly listed above.