

Lender Letter (LL-2022-02)

June 24, 2022

To: All Fannie Mae Single-Family Sellers Equifax Coding Issue

We issued a Selling Notice on June 1, 2022, about the Equifax® Inc. coding issue that may have resulted in errors to consumer credit scores and credit data reported from March 17 to April 6, 2022. We have been working closely with Freddie Mac under the guidance of FHFA to assess the impact of the Equifax incident and are issuing this Lender Letter to provide requirements that apply specifically to these impacted loans. Lenders may contact their Fannie Mae account team with any questions about this Lender Letter. As a reminder, any questions related to the coding issue must continue to be directed to Equifax or your credit report provider.

Effective: This Lender Letter is effective immediately and applies to all loans impacted by the Equifax coding issue.

Credit report data

Through our assessment, we have determined that any errors to the underlying credit report data resulting from this incident are not considered to be material erroneous credit data errors under *Selling Guide B3-2-09*, Erroneous Credit Report Data and the following requirements apply:

- Lenders are not required to obtain an updated credit report and re-underwrite the loan by resubmitting the loan to Desktop Underwriter® (DU®), or to re-assess the underwriting decision for non-DU loans, based solely on this issue.
- The inaccurate credit score used at time of underwriting does not render the loan ineligible for purchase.
- A repurchase request will not be issued based solely on this issue.

Credit scores

The corrected credit score (sometimes referred to as a simulated credit score) obtained directly from Equifax or a credit report provider must be used to recalculate the representative credit score (or average median credit score for loans underwritten through DU with multiple borrowers). Provided the loan was eligible based on the representative or average median credit score used at time of underwriting, the recalculated credit score is not required to meet the minimum credit score required for the transaction.

The following table provides the requirements for obtaining corrected scores and making data corrections.

Requirement	Non-DU Loans	DU Loans
Obtaining corrected credit scores	The lender must obtain the corrected credit score directly from Equifax or the credit report provider and recalculate the representative credit score.	We will obtain corrected credit scores directly from Equifax for loans that have already been purchased and will notify lenders of the impacted loans and recalculated representative credit scores (see below for details).
Data corrections for loans not yet purchased by Fannie Mae	<ul style="list-style-type: none"> ▪ If the recalculated representative credit score meets the minimum required for the transaction, the lender may provide the recalculated representative credit score at the 	<ul style="list-style-type: none"> ▪ The lender must deliver the representative credit score used at the time of underwriting. (The lender cannot provide the recalculated representative credit score at the time of delivery).



	<p>time of delivery or follow the post-purchase adjustment process.</p> <ul style="list-style-type: none"> ▪ If the recalculated representative credit score does not meet the minimum required for the transaction, the lender must deliver the representative credit score used at time of underwriting and follow the correction process below for loans already purchased by Fannie Mae. (The lender cannot provide the recalculated credit score at the time of delivery). 	<ul style="list-style-type: none"> ▪ The data correction process for loans already purchased by Fannie Mae will be used for all DU loans. (The correction will be completed after loan purchase).
<p>Data corrections for loans already purchased by Fannie Mae</p>	<ul style="list-style-type: none"> ▪ The lender must provide the recalculated representative credit score through the post-purchase adjustment process. The following documents must be provided: <ul style="list-style-type: none"> • The original credit report and credit score(s) used to calculate the representative credit score at time of underwriting; and • Documentation to support the recalculated representative score, such as the email and supporting documentation received from Equifax or your credit report provider with the corrected Equifax score. ▪ All such data corrections must be completed on or before March 31, 2023. 	<ul style="list-style-type: none"> ▪ We will provide lists of impacted loans and recalculated representative credit scores to lenders. <ul style="list-style-type: none"> • The lists will only include impacted loans that have already been purchased where the representative credit score has changed. • The communication will include instructions for how the data will be corrected within our systems. • If the lender does not object to the proposed data changes (and pricing changes, if applicable), within 45 days of the communication, we will correct the data and reprice the loans.

Pricing

Loan-level price adjustments (LLPAs) will be based on the recalculated representative credit score.

Quality control

For impacted loans, we are not requiring lenders to reassess the underwriting decision as part of the lender’s post-closing quality control review if this is the only data discrepancy. Lenders are not required to self-report loans due solely to this issue under [D1-3-06](#), Lender Post-Closing Quality Control Reporting, Record Retention, and Audit.

Representation and warranties

Loans underwritten through DU that received an Approve/Eligible recommendation will continue to be considered eligible for representation and warranty relief in accordance with [A2-2-04](#), Limited Waiver and Enforcement Relief of Representations and Warranties for Mortgages Submitted to DU, provided all other requirements are met. In addition, inaccurate credit scores due to the Equifax coding error are not considered to be data inaccuracies subject to life-of-loan representations and warranties in accordance with [A2-2-07](#), Life-of-Loan Representations and Warranties (Life of Loan Exclusions: Data Inaccuracies).



Lenders may also contact their Fannie Mae Account Team if they have questions about this Lender Letter. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Lender Letter.



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