

## FAQ on Fair Credit Reporting Act (FCRA)

If you received a notice from Arch Mortgage Insurance Company (“Arch MI”)<sup>1</sup> regarding mortgage insurance, please refer to this Q&A for additional information.

### What is Arch MI? What is mortgage insurance?

Arch MI provides mortgage guaranty insurance (MI) to your lender for your mortgage loan. MI protects the lender if a borrower defaults on loan payments and provides a significant benefit by enabling borrowers to obtain a mortgage with a down payment lower than the typical 20% requirement.

### Why did I receive this notice from Arch MI?

The Fair Credit Reporting Act (FCRA) requires Arch MI to send a notification, called a Notice of Adverse Action, when a loan applicant's or co-borrower's financial information has affected the cost of, or the decision to, provide MI. When your lender submitted your loan to us, we underwrote the insurance and set the MI rate based in part on your financial information.

A Notice of Adverse Action is a consumer notification required under the FCRA. It is used to advise the consumer that the most favorable premium rate for insurance could not be offered because of their credit score or that coverage has been denied because of their credit history.

It is also intended to encourage applicants to review the accuracy and completeness of their credit file.

### What is the Fair Credit Reporting Act?

The FCRA is a federal law that sets the guidelines for how businesses can collect, distribute and use credit information. FCRA promotes the accuracy, fairness and privacy of consumer information contained in consumer reporting agency files. It is intended to protect consumers from the willful and/or negligent inclusion of inaccurate information in their credit reports.

### What is a credit report? What is a credit score?

A credit report is a detailed record of your credit history; it contains important financial information, including the type of account, credit limit, account balance, payment history and whether those payments were made in a timely manner.

A credit score is a numerical rating that predicts how likely you are to make your loan and other credit payments on time. It is based on information in your credit report file at one or more of the consumer reporting agencies: [Equifax](#), [Experian](#) or [TransUnion](#).

The credit report and credit score are just two of the factors taken into account when underwriting and pricing the MI coverage for your loan.

For more information about credit reports and credit scores, visit the [Federal Trade Commission \(FTC\) website](#).

<sup>1</sup> Arch MI is a marketing term for Arch Mortgage Insurance Company, Arch Mortgage Assurance Company, Arch Mortgage Guaranty Company and United Guaranty Residential Insurance Company.

### **What do I need to do in response to the notice?**

You don't need to take any action; the notice was simply legally required.

### **Which credit report information negatively affected the cost of, or the decision to, provide MI?**

There are a number of factors included in determining a credit score. The consumer reporting agencies do not disclose their methodologies for establishing credit scores, so very specific information is not available to Arch MI. Your credit report will include key factors that negatively affected your credit score, which in turn influenced the cost of, or Arch MI's decision to, provide MI.

### **How did Arch MI obtain credit report information for the notice?**

Arch MI is provided the credit report information from your lender with the MI application in the loan package and loan datafile. In some cases, we may procure that information directly.

### **Will my credit score be negatively impacted if Arch MI pulls my credit?**

No. If the credit pull is completed by a mortgage insurer and not the lender, it is a "soft pull" that does not affect your credit score.

### **Can my MI rate rise after my loan closes?**

No. The premium price Arch MI charges for MI on your mortgage loan will not change. A Notice of Adverse Action only explains how your credit score or credit information affected the price we are charging or our decision to provide coverage.

### **What if there is incorrect information in my credit report?**

Correcting erroneous information in your credit file is important and may improve the terms of credit and insurance offered to you in the future; however, your MI rate becomes effective when your loan is closed.

For information about how to obtain your credit file and correct information, visit "Credit, Loans, and debt under "Credit and Debt" on the [FTC website](#).

### **Who can I contact if I have more questions?**

For questions about your loan status, contact your lender directly. For questions about Arch MI or your Notice of Adverse Action, contact us at 877-642-4642, Option #1.