

## **Fair Credit Reporting Act (FCRA) Information**

If you received a letter from Arch Mortgage Insurance Company, United Guaranty Residential Insurance Company or Arch Mortgage Guaranty Company (“Arch MI”) regarding mortgage insurance, please refer to this Q&A for additional information.

### **What is Arch MI?**

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

### **Why did I receive a letter 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 letter required under the FCRA. It is used to advise the consumer that the most favorable premium rate for insurance could not be given because of credit score or coverage has been denied because of 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.

### **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 how much you owe and your payment history.

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 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 [U.S. Federal Trade Commission’s website](#).

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

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

### **What 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. The Notice of Adverse Action from Arch MI included the key factors that negatively influenced your credit score and premium rate.

### **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 is effective when your loan is closed.

For information about how to obtain your credit file and correct information, visit "How to Dispute Credit Report Errors" under "For Consumers" and "Credit Report" at the [U.S. Federal Trade Commission's website](https://www.ftc.gov/consumer/credit-report).

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

For questions about your loan status, contact your lender directly. For questions about Arch MI, Notices of Adverse Action, or MI in general, contact us at 877-642-4642.