

# Offers, Underwriting, Decline Types and Rule Types

## Section 1: The 3 Decline Types

Every application is first verified for knock out rules before determining whether the application can be shown an instant offer. In other words, application qualifies for an offer ONLY IF it passes all the credit rules. Any time it fails a rule, that rule will determine what happens to that application next

1. If there are **ONE or MORE** failed rules with Decline Type = **HARD**, then it implies that the applicant should be shown a Thank You page with no path to manual review
2. If there are NO failed rule Decline Type = HARD but atleast ONE or MORE failed rules with Decline Type = **SOFT**, then it implies that the application may potentially be cured if a co-applicant is added. Usually these are DTI or score rules that MAY be overcome using a coapplicant. CreditSnap has the ability to automatically prompt the applicant to add a co-applicant. If you are interested in this, please talk to us
3. If there are NO failed rule Decline Type = HARD or SOFT but atleast ONE or MORE failed rules with Decline Type = **PEND**, then it implies that the application needs to go into manual review. No offer, but not a decline either, and needs manual review. These apps may also be called "Referred"

As mentioned above, if all rules are a pass, then the system treats it as "ready for offer" and goes into the Tier determination and loan limit calculations to present an offer to the customer

## Section 2: The 5 Rule Groups

Above overview is focused on credit based rules. However, CreditSnap supports rules that are used in 5 different situations - beyond credit rules - and those are the 5 rules groups you will see when you go into Credit Policy Admin

1. **Pre Bureau Rules:** This set of rules are designed to determine whether the request needs to move into "Soft Inquiry" stage or not. Usually state or zip or country rules are the most dominant ones in this group, and if the applicant does not come from the geography that the Credit Union or Bank serves, then the application can be stopped before a soft inquiry is pulled (and before incurring the credit bureau cost)
2. **Soft Inquiry Rules:** This set of rules are executed after soft inquiry is made. Section 1 is a good illustration of this rule group

3. **Hard Inquiry Rules:** This set of rules are executed after hard inquiry is made and ONLY if CreditSnap is doing a hard inquiry for you. Section 1 is a good illustration of this rule group.
4. **Stipulation Rules:** CreditSnap has extensive support for both Automatic and Manual stipulations (or verifications). Stipulation rules allow you to determine which loan types and which rules should determine what stipulations or verifications to be performed on any given application
  - **AUTOMATIC** = CreditSnap will automatically determine the need for ID Verification or Income Verification etc, and also ensure those are taken care of automatically
  - **MANUAL** = While the system can create these stipulations using stipulations rules, these are usually manual follow throughs in nature.
    - A good example is the need to do a DMV follow-up on an auto loan. Since this cannot be automated, a rule can be defined in the Stipulations Rule Group with condition like "if loan = AUTO", then add a stipulation Type = MANUAL and Description = DMV Follow-up. While it is a manual follow-up, system will ensure the stipulation is CLEARED before the loan can go to Docs
5. **Fraud Rules:** While this is the last category here, this is a very important category. CreditSnap integrates with several fraud systems and they tend to deliver a lot of metadata. This group of rules give you flexibility to create custom fraud rules

These rule groups are applicable to both Lending and Deposit. The only exception is "Hard Inquiry" rules, which do not play a role in Deposit, because we never post a HARD inquiry on deposit applications

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