

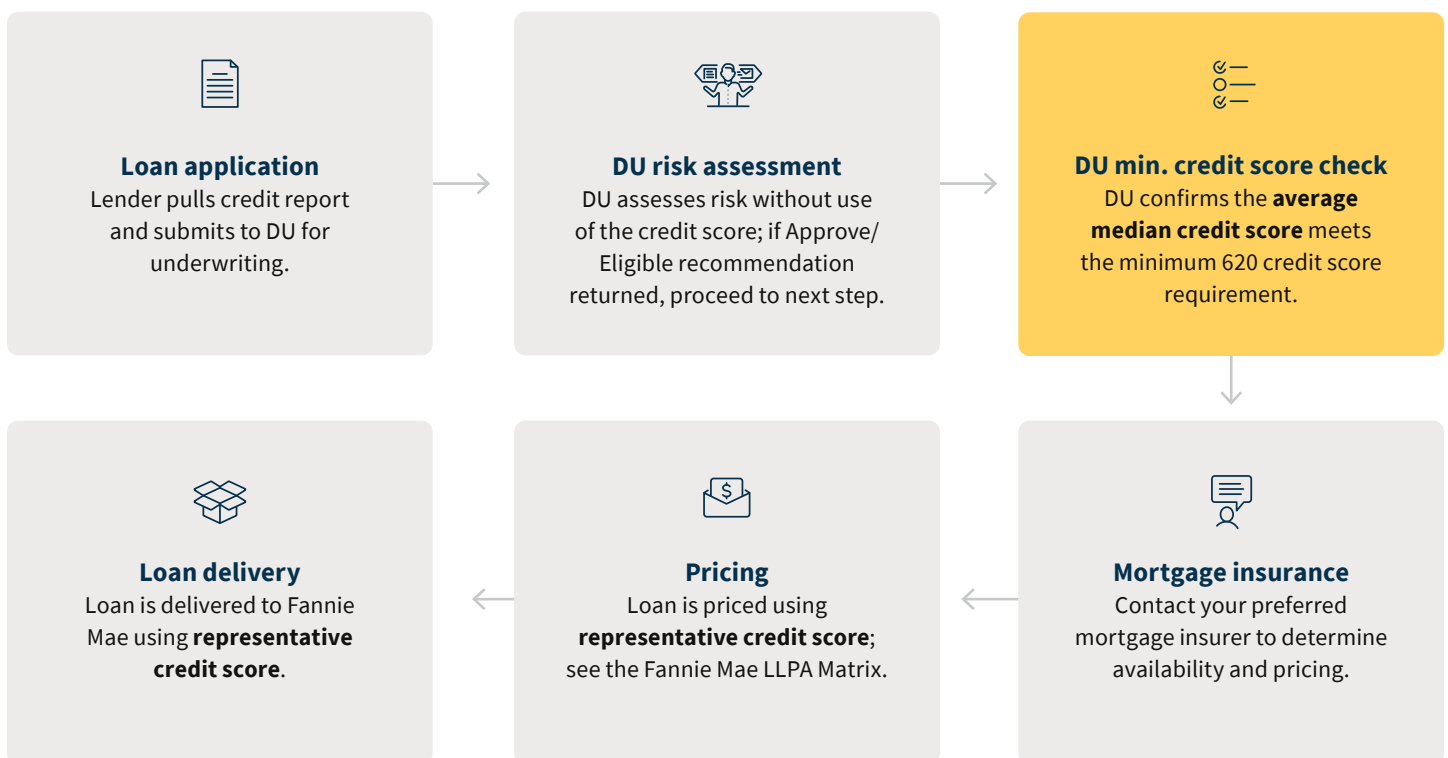
Credit score eligibility in Desktop Underwriter (DU) for multiple borrowers

Overview

Updated January 2022

Effective September 2021, for loans with multiple borrowers, Desktop Underwriter® (DU®) no longer uses the representative credit score — determined by identifying each borrower’s applicable credit score and using the lowest score across borrowers — to confirm mortgage loans comply with its minimum 620 credit score requirement. For these loans, DU now uses an average of each borrower’s median credit score — the **“average median credit score.”** The **representative credit score** is used for pricing and loan delivery.

The following graphic illustrates how the average median credit score and the representative credit score are used in the loan origination process:



Additional resources:

- [Selling Guide B3-5.1-01](#), General Requirements for Credit Scores (09/01/2021)
- [Selling Guide Announcement](#) (SEL-2021-08)
- [DU Release Notes](#)

Borrower scenarios

The following scenarios are hypothetical and provided for illustrative purposes only in determining the credit score DU uses to check that the minimum 620 credit score requirement has been met. Note that loans with an average median credit score of 620 or greater are not guaranteed an Approve/Eligible recommendation in DU. For loans with LTV ratios > 80%, mortgage insurance is required; contact your preferred mortgage insurer (MI) to determine MI availability and pricing. Loans are subject to applicable loan-level price adjustments (LLPAs) found on Fannie Mae's [LLPA Matrix](#).

Note: For certain transactions, DU uses the representative credit score (not the average median credit score) to assess whether the minimum credit score requirement has been met. Refer to the [DU Release Notes](#) and [Selling Guide announcement](#) for details.

			Score 1	Score 2	Score 3	Average median credit score ³	Representative credit score ⁴
1	Scenario 1 Two borrowers, one with credit score less than 620	José	590	619	648	656 = (619 + 693) / 2 ✓	619
		Ali	661	693	693		
2	Scenario 2 Two borrowers, both with credit scores greater than 620	Maria	620	628	629	643 = (628 + 658) / 2 ✓	628
		Li	647	658	661		
3	Scenario 3 Two borrowers, both with credit scores less than 620	Mary	580	611	630	613¹ = (611 + 615) / 2 ✗	N/A
		Abdul	627	615	608		
4	Scenario 4 One borrower with credit score greater than 620	Brianna	610	625	633	625² ✓	625
5	Scenario 5 Two borrowers, one with credit score less than 620 and one with only two scores	Jean	595	618	622	638 = (618 + 658) / 2 ✓	618
		Isaiah	658	684	N/A		
6	Scenario 6 Two borrowers, one with no credit scores	Michael	586	617	632	617¹ ✗	N/A
		Aleksander	N/A	N/A	N/A		
7	Scenario 7 Three borrowers, two with credit scores less than 620 and one with only two scores	Joseph	588	614	623	621 = (614 + 608 + 641) / 3 ✓	608
		Darius	600	608	621		
		Ana	641	650	N/A		
8	Scenario 8 Two borrowers, each with only one score	Robert	599	N/A	N/A	631 = (599 + 663) / 2 ✓	599
		Fatima	663	N/A	N/A		

¹ Loans that do not meet the minimum 620 credit score in DU are ineligible.

² For single borrower loans, average median credit score and representative credit score are the same.

³ Average median credit score is used to determine DU eligibility.

⁴ Representative credit score is used for pricing and loan delivery.

Frequently asked questions

1. How is the average median credit score calculated?

The score for each borrower is determined by using the middle of three scores or the lower of two scores; the score for each borrower is then averaged to determine the average median credit score for the loan (standard rounding to a whole number applies, e.g., ≥ 0.5 is rounded up to the next whole number).

2. Does this apply to all loans?

No, a minimum representative credit score of 620 is used to determine eligibility for:

- Manually underwritten loans
- RefiNow™ loans
- Government loans

Further, the representative credit score is used to determine if the required minimum credit score has been met for:

- Single-closing construction-to-permanent loans (see *Selling Guide* [B5-3.1-02](#), Conversion of Construction-to-Permanent Financing: Single-Closing Transactions)
- Borrowers with multiple financed properties (see *Selling Guide* [B2-2-03](#), Multiple Financed Properties for the Same Borrower)

3. Can loans using an average median credit score receive an Approve/Eligible recommendation in DU?

The average median credit score calculation is intended to determine whether Fannie Mae's minimum 620 credit score requirement is met. As with all loans underwritten in DU, the DU recommendation is based on a comprehensive risk assessment of an individual loan's credit and non-credit risk factors.

4. Is the average median credit score on the DU Underwriting Findings report?

Yes. There is a message in the Observation section of the DU Underwriting Findings report that indicates both the representative credit score and the average median credit score.

5. Which credit score does loan delivery and pricing use?

The representative credit score is used for pricing and loan delivery on all loans, regardless of the credit score used for DU eligibility. See *Selling Guide* [B3-5.1-02](#), Determining the Representative Credit Score for a Mortgage Loan for more details.

6. Is pricing impacted when DU uses the average median credit score to determine eligibility?

No. LLPAs are based on the representative credit score of the loan. Note that the LLPAs for credit scores below 620 are currently the same as for scores of 620–639 except for LTVs above 95%. Refer to the [LLPA Matrix](#) for additional details.

7. Do the mortgage insurers provide coverage on these loans if any of the borrowers have a credit score below 620?

Five of the six national MIs have indicated they will insure these loans subject to various conditions, such as application of existing or new overlays, operational and system changes that may delay coverage availability and, in some cases, state regulatory approval of new premium rates. Lenders should consult their preferred MI provider(s) to confirm both eligibility and pricing.

8. May lenders opt to require a 620 minimum representative credit score for all borrowers, regardless of the DU recommendation?

Yes. Fannie Mae does not restrict lenders from overlaying stricter requirements at their discretion.

9. Is the average median credit score applied to loans with non-occupant co-borrowers?

Yes, DU uses the average median credit score to determine if the loan meets Fannie Mae's minimum 620 credit score requirement for loans with more than one borrower regardless of whether one borrower is a non-occupant co-borrower.

10. Is there any impact to Fannie Mae's Mortgage Backed Securities (MBS) and Credit Risk Transfer (CRT) disclosures?

No, the disclosures are not impacted. For credit scores at origination:

- MBS disclosures reflect the representative credit score in the Borrower Credit Score field.
- Credit Risk Transfer (CRT) disclosures reflect each borrower's representative credit score for the first two borrowers in the Borrower Credit Score at Origination and Co-Borrower Credit Score at Origination fields.¹

As a reminder, the credit score is not part of DU's credit assessment, and DU's comprehensive risk assessment process remains.

¹ If there are more than two borrowers and the borrower's representative credit score is higher than other co-borrowers' representative credit scores, the lowest of the co-borrowers' representative credit scores will be displayed in the Co-Borrower Credit Score at Origination field.