Fannie Mae

There's More to Mortgages than Credit Scores



How Fannie Mae and other industry stakeholders use credit score models in mortgage lending

What are credit score models?

Credit score models used by Fannie Mae:

- Are based on data collected by the three consumer credit reporting companies: Equifax, TransUnion, and Experian.
- Generate the 3-digit credit scores that are required for most mortgage loans purchased by Fannie Mae.
- Help assess borrower creditworthiness.

A better picture with DU

For more than 25 years, Desktop Underwriter® (DU®) has been the industry's leading automated underwriting system. It helps mortgage lenders determine whether a loan meets Fannie Mae's requirements.

DU's comprehensive risk assessment considers multiple factors, including:

- Loan purpose and loan-to-value ratio.
- Borrower credit report data.
- Borrower debt-to-income ratio.

DU's assessment is fair and objective and uses the same criteria for every mortgage loan application.

Fannie Mae has DU and other options for lenders to make mortgage loans to eligible borrowers who do not have credit scores or traditional credit histories.

How do we use credit scores?

Credit scores are not a part of DU, but Fannie Mae relies on them to:

- Help establish a minimum credit threshold for mortgage lending.
- Provide a foundation for risk-based pricing.
- Support our financial statements and disclosures to mortgage investors.

Fannie Mae tests and validates required credit score models for accuracy, reliability, and integrity.

1995
Fannie Mae introduced DU. Credit scores were the primary measurement of creditworthiness.

2000
Fannie Mae replaced the credit score with a proprietary credit risk assessment. Modeled directly on our loans, it is a better predictor of performance.

2020
Fannie Mae and Freddie Mac solicit applications for consideration and assessment of credit score models.*

2022
FHFA announces update to require two credit score models after a multiyear transition period.*

**Requirement from Fannie Mae's regulator, the Federal Housing Finance Agency, relates only to model validation and does not change how Fannie Mae uses credit scores.*

Learn more about DU's risk assessment and credit score model risk assessment.

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