

# 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 an integral 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](#).