

There's More to Mortgages than Credit Scores

Learn how Fannie Mae and our lenders use credit score models in mortgage lending

What are credit score models?

Credit score models used by Fannie Mae today:

- Use 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 or securitized by Fannie Mae.
- Help assess borrower creditworthiness.



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

A better picture with DU

For over 20 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.

How do we use credit scores?

Credit scores are not 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 disclosures to mortgage investors and in our financial statements.

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

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.*

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

Learn more about [DU's risk assessment](#).

Learn more about the [credit score model risk assessment](#).



Fannie Mae®

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