



Freddie Mac: New Credit Scoring Models Improve Borrower Access to Credit

October 25, 2022

Company Issues Statement on Alternative Credit Data

McLean, Va., Oct., 25, 2022 —[Freddie Mac](#) (OTCQB: FMCC) said today that replacing its current credit score model requirements would help increase the company's ability to reach more creditworthy borrowers.

Announced Monday by the [Federal Housing Finance Agency](#) (FHFA), the move away from FICO Classic to FICO 10T and VantageScore 4.0 is part of the company's commitment to gain a more accurate picture of a borrower's credit. Both models take into account trended data of how a consumer has managed their accounts over the previous 24 months, increasing accuracy of their financial situation.

"Freddie Mac is committed to promoting equitable access to sustainable and affordable mortgage credit and this is an important step in that direction," said Terri Merlino, single-family senior vice president and chief credit officer at Freddie Mac. "We are committed to working with FHFA, Fannie Mae and the broader industry on all aspects of implementation, including the timelines and resources to ensure all stakeholders have the support they need to adopt this model."

The credit score model validation process established by the FHFA regulation [Validation and Approval of Credit Score Models Rule \(12 C.F.R. Part 1254\)](#) is designed to support market competition and innovation. Credit score model developers submitted applications according to the solicitation and they were assessed based on integrity, reliability, and accuracy, among other factors. With consultation and alignment with FHFA and Fannie Mae, Freddie Mac anticipates periodic repeats of the assessment process to test and validate credit score models.

About Freddie Mac

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, investors and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).