MORTGAGE INDUSTRY USE OF CREDIT SCORES

CONSUMER REPORTING AGENCIES (CRAs)

The three CRAs collect, store, and sell data on consumers provided by furnishers.

EXPERIAN

EQUIFAX

CONSUMER CREDIT REPORT RESELLERS

Assemble trimerge report from each CRA that includes applicant's credit report and scores.

TRANSUNION

MORTGAGE LENDERS

Originate loans for borrowers and sell them to the Enterprises. Lenders purchase the trimerged credit report and credit scores and use them to underwrite the loan, provide borrower education, and produce financial disclosures.

FANNIE MAE AND FREDDIE MAC (Enterprises)

Purchase mortgages from lenders, pool them into securities, and sell those securities to investors. The Enterprises use credit scores for mortgage product eligibility, loan pricing, and financial disclosures. They also use credit report data for automated underwriting eligibility and recommendations.

MORTGAGE INSURANCE Companies (MIS)

Protect lenders and the Enterprises against loss if borrowers default on loans that have mortgage insurance. Mls quote rate premiums by mortgage product, original loan-to-value (LTV) ratio, and the borrower's credit score.

INVESTORS

Purchase credit risk (through credit risk transfer) and interest rate risk (through mortgage backed securities) from the Enterprises. Investors rely on credit scores to evaluate the financial risk of securities and transactions.