



Alternative Credit Scores

Questions and Answers

1. **Must all borrowers on a loan be scored using the same Credit Score Model Types?**

Yes, all borrowers on a loan must be scored using the same Credit Score Model Types.

For example, a mortgagee may not use VantageScore 4.0 for the primary borrower and FICO 10T for the co-borrower.

2. **What are FHA's recommended Credit Score Model Types?**

FHA does not recommend a particular Credit Score Model Type. Mortgagees may use any of the model types or a combination of the models accepted by FHA, provided all borrowers on a loan are scored using the same model(s).

3. **What happens in TOTAL Scorecard when multiple credit score models are submitted?**

TOTAL will evaluate all Credit Score Model Types submitted. All model types submitted to TOTAL Scorecard must receive an Accept recommendation for the final result to be an Accept. If any one Credit Score Model Type receives a Refer, the final recommendation will be a Refer. Lenders may work with credit providers to have one or more model types removed and resubmit to TOTAL if desired.

4. Will all Credit Score Model Types included on the credit report be evaluated by TOTAL Scorecard?

Yes, all credit score models included on the credit report will be evaluated by the TOTAL Scorecard.

5. If multiple Credit Score Model Types are submitted and the loan receives a Refer from TOTAL Scorecard, can the loan be manually underwritten?

Yes, loans that receive a Refer, whether they have been scored with one or multiple credit score models, can be manually underwritten per current requirements, including the established minimum MDCS thresholds, found in Handbook 4000.1.

6. Are FHA's Minimum Decision Credit Score (MDCS) thresholds the same for the new Credit Score Model Types?

Yes, the established thresholds for MDCS of 500, 580, and 620 also apply to the new Credit Score Model Types. All model types submitted to TOTAL must meet these requirements.

7. How is the calculation of FHA's Minimum Decision Credit Score (MDCS) affected by the new Credit Score Model Types?

Calculating the MDCS remains the same as it is today when one model type is submitted. A Borrower-Level Score must be determined for each Credit Score Model Type and borrower. If multiple models are submitted, an extra step is required. See the Multiple Credit Score Model examples below.

One Credit Score Model Type and One Borrower:

STEP 1: Determine the score for each credit score model.

Rule: Middle of three, lower of two, one of one

Borrower	Score Model Type 1			
	Experian	Equifax	TransUnion	Model Score
Borrower	580	620	N/A	580



STEP 2: Determine the Borrower-Level Score.

Rule: Lowest score of the model.

Borrower	Score Model Type 1	Borrower-Level Score
Borrower	580	580



STEP 3: Determine the MDCS for the transaction.

Rule: Lowest Borrower-Level Score is the MDCS

Borrower-Level Score	MDCS (Lowest Borrower-Level Score)
Borrower 580	580

Multiple Credit Score Model Types and One Borrower:

STEP 1: Determine the score for each credit score model.

Rule: Middle of three, lower of two, one of one

Borrower	Score Model Type 1				Score Model Type 2				Score Model Type 3			
	Experian	Equifax	Trans Union	Model Score	Experian	Equifax	Trans Union	Model Score	Experian	Equifax	Trans Union	Model Score
Borrower	580	620	N/A	580	610	650	600	610	600	640	620	620



STEP 2: Determine each Borrower-Level Score.

Rule: Lowest score across all submitted models.

Borrower	Score Model Type 1	Score Model Type 2	Score Model Type 3	Borrower-Level Score
Borrower	580	610	620	580



STEP 3: Determine the MDCS for the transaction.

Rule: Lowest of all Borrower-Level Scores

Borrower-Level Score	MDCS (Lowest Borrower-Level Score)
Borrower 580	580

Multiple Credit Score Model Types and Multiple Borrowers:

STEP 1: Determine the score for each credit score model.

Rule: Middle of three, lower of two, one of one

Borrower	Score Model Type 1				Score Model Type 2				Score Model Type 3			
	Experian	Equifax	Trans Union	Model Score	Experian	Equifax	Trans Union	Model Score	Experian	Equifax	Trans Union	Model Score
Borrower 1	580	620	N/A	580	610	650	600	610	600	640	620	620
Borrower 2	620	640	660	640	650	670	700	670	630	655	675	655



STEP 2: Determine each Borrower's Borrower-Level Score.

Rule: Lowest score across all submitted models.

Borrower	Score Model Type 1	Score Model Type 2	Score Model Type 3	Borrower-Level Score
Borrower 1	580	610	620	580
Borrower 2	640	670	655	640



STEP 3: Determine the MDCS for the transaction.

Rule: Lowest of all Borrower-Level Scores

Borrower-Level Score for Each Borrower		MDCS (Lowest Borrower-Level Score)
Borrower1	Borrower 2	580
580	640	

8. What if the loan receives a Refer or one of the score models does not meet MDCS guidelines?

Lenders should carefully review the credit report and assess whether all the credit scoring models meet FHA's minimum score requirements. Lenders may work with credit providers to provision a credit report with only the model(s) they wish to submit, and then resubmit the loan through TOTAL.

9. What if a borrower on the transaction was scored by a score model, but no scores from any of the bureaus were provided?

TOTAL will return a Refer recommendation and the loan will require manual underwriting.

10. Can the case number be canceled and a new case number assigned to take advantage of the new credit score models?

Yes, the Mortgagee may cancel an existing case number through the self-service case cancellation process in FHA Connection and order a new case number on or after January 1, 2027 to allow TOTAL submission with the new credit score models.

11. If Positive Rental Payment History is present on the credit report, do lenders still need to meet the requirements outlined in the Handbook?

The policy and documentation requirements in section II.A.4.b.iii(L) are not applicable if a Positive Rental Payment History is present on the credit report. Lenders only need to meet the policy requirements and provide the documentation outlined in the Handbook if the Positive Rental Payment History is not reflected on the credit report.

12. Must the credit report submitted to TOTAL match the credit report included in the FHA Case Binder?

The credit report retained in the case binder must include all Credit Score Model Types submitted in the final TOTAL submission. The report may include additional score models that were not in the final submission to TOTAL. For example, if VantageScore 4.0 and FICO 10T are submitted in the final TOTAL submission, the credit report retained in the case binder must include both VantageScore 4.0 and FICO 10T, but may also include Classic FICO.

13. Does FHA still require a Tri-Merged Credit Report (TRMCR)?

Yes, the Mortgagee must obtain a TRMCR from an independent consumer reporting agency.

14. How does the implementation of alternative credit scores apply to HECM?

There is no impact on the HECM program, as it does not rely on credit scores as an underwriting component.

15. Where can lenders and other stakeholders reach out to for answers to questions regarding these changes?

FHA Resource Center. Emails and phone messages will be responded to during normal hours of operation, 8:00 a.m. to 8:00 p.m. ET, Monday through Friday on all non-Federal holidays.

- **Online FAQ Site:** <https://answers.hud.gov/FHA/s/>
Our online knowledge base helps you find answers 24/7.
- **Email:** answers@hud.gov
The FHA Resource Center can accept emails with attachments. To ensure proper attention to the attachment please reference it within the body of the email.
- **Telephone:** (800) CALL-FHA (1-800-225-5342)

Persons with hearing or speech impairments may access this number via TTY by calling 711 and ask the operator to transfer you to 1-800-225-5342.