VantageScore
a higher level of confidence

QUESTIONS ABOUT REGULATORY ACCEPTANCE? JUST ASK THE REST OF THE LENDING INDUSTRY.

More than eight billion VantageScore credit scores were used in 12 months by over 2,400 lenders and other industry participants — including 20 of the top 25 financial institutions. Usage figures are compiled annually via an outside study of the three national credit reporting companies. Data reflects usage from July 1 through June 30 for each 12-month period.

More than **8 Billion** VantageScore credit scores were used in 2015-2016.

Up nearly 40% from 2014-2015 when over 6 billion VantageScore credit scores were used.

VantageScore credit scores used by over **2,400 lenders** including **20 of the top 25** financial institutions in 2015-2016.

Widely used in the secondary market

Secondary market participants evaluate risks and price deals more accurately by using the VantageScore model, which is also the dominant model used in the valuation of previously issued, private-label mortgage-backed securities.

Both **Standard & Poors** and **Kroll Bond Rating Agency** have rated pools of consumer loans underwritten using VantageScore credit scores without bias.

In a further testament to its widespread acceptance, the VantageScore model is also embedded in major industry platforms including MISMO 3, the CFPB—FHFA mortgage database, FHFA Common Securitization Platform, and the Nationwide Mortgage Licensing System & Registry (NMLS). It's also used by all major software for communicating between lenders and credit bureaus.

The go-to choice for free score providers

A number of innovative websites have adopted the VantageScore credit scoring model, and are allowing consumers to obtain VantageScore credit scores for no charge. These sites, which have subscriber bases as high as 60 million, include:

credit.com Credit Karma credit sesame credit wise lendingtree myBankrate Quizzle WalletHub

Even regulators are noticing VantageScore's benefits

- **The Federal Reserve Board** accepts VantageScore data in its Capital Assessments and Stress Testing Report, part of the Comprehensive Capital Analysis and Review (CCAR) program, required by law under both Dodd-Frank and the Bank Holding Company Act for all bank holding companies considered SIFI (Systemically Important Financial Institutions) banks.

- **The Office of the Comptroller of the Currency (OCC)** recently issued updated guidance to examiners and bankers on assessing the quality of mortgage banking risk management. Its new guidebook discusses credit scores but, in a nod to competition in the credit score market, does not mention the FICO credit score model anywhere. The guidebook cites only one vendor-provided credit score model, the VantageScore model, which it describes as a model that uses "a single methodology."

- **The Federal Deposit Insurance Corp** allows lenders to now use a "probability of default (PD)" to set risk thresholds, rather than a traditional three-digit score. When calculating their Deposit Insurance Assessment on higher-risk consumer loans, this allows lenders to uniformly and easily assess risk, regardless of their use of proprietary credit scoring models or the multiple generic credit scoring models now available.

Here's what regulators are saying about the VantageScore model:

On assessing credit profiles

"While FHA's historical data and analysis is derived from the 'FICO-based' decision credit score, it is not FHA's intent to prohibit the use of other credit scoring models to assess an FHA borrower's credit profile. In this notice, FHA seeks comment on the best means for FHA to provide guidance to the industry on acceptable score ranges for other scoring models, to ensure that the scales used for all scoring systems are consistent and appropriate for an FHA borrower."

— Federal Housing Administration, "Risk Management Initiatives: Reduction of Seller Concessions and New Loan-to-Value and Credit Score Requirements" (Source: Federal 75 FR 135, July 15, 2010, at 41,220-41,221)

On credit score terminology

"The proposed rule provided a market analysis to support the proposed adjustment of the housing goals levels for 2009, and discussed the effect of tighter underwriting standards of private mortgage insurers and the reduction in mortgage insurance availability for borrowers with low credit scores. A credit reporting corporation and a credit scoring corporation commented that FHFA's analysis should not specifically reference 'FICO' credit scores, stating that the reference implies endorsement of the Fair Isaac Corporation product and creates an unfair advantage. FHFA did not intend to endorse a specific product. Accordingly the market analysis in the final rule refers generally to credit scores rather than to a specific product."

— Federal Housing Finance Agency, "2009 Enterprise Transition Affordable Housing Goals" (Source: Federal Register 74 FR 152, August 10, 2009, at 44,532-44,533)

Both primary and secondary regulatory agencies in the financial services industry recognize VantageScore:

Consumer Financial Protection Bureau

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Equifax: 1.888.202.4025 www.equifax.com/vantagescore
Experian: 1.888.414.1120 www.experian.com/vantagescoreforlenders
TransUnion: 1.866.922.2100 www.transunion.com/corporate/business/solutions/financialservices/bank_acq_vantage-score.page

Visit VantageScore.com to find additional information. Lenders interested in learning more about how the VantageScore 3.0 model can improve their credit decisioning should contact their CRC sales representative.