



Classic FICO validated for use by Fannie Mae and Freddie Mac

The Federal Housing Finance Agency (FHFA) approved the classic FICO credit score model for use by Fannie Mae and Freddie Mac (the Enterprises).

This approval stems from a rule made by the FHFA in 2019 that established a four-phase process for an Enterprise to validate and approve credit score models. Those phases were the solicitation of credit score model providers; submission and initial review of applications; credit score assessment; and enterprise business assessment.

“The validation and approval of the classic FICO credit score model is an incremental step in meeting the requirements outlined in Section 310 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which stipulated a Nov. 20, 2020 deadline for the Enterprises to use a validated and approved credit score model,” FHFA said in a release.

Classic FICO is just one of other credit score models that applied during the solicitation phase. FHFA said it expected the Enterprises will take another year to complete the validation and approval process for the remaining credit score models.

Source: <https://www.doddfrankupdate.com/DFU/ArticlesDFU/Classic-FICO-validated-for-use-by-Fannie-Mae-and-F-80814.aspx>