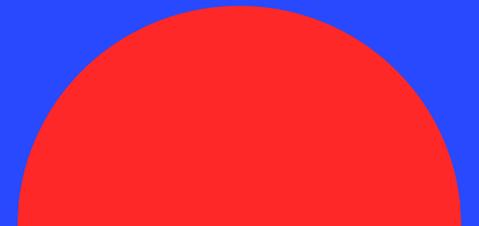
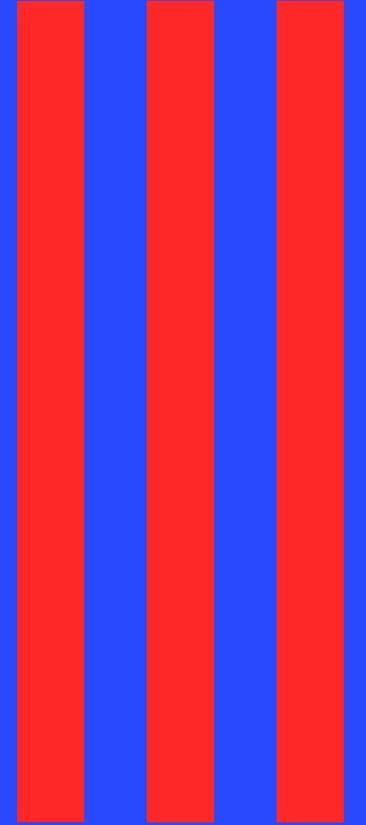
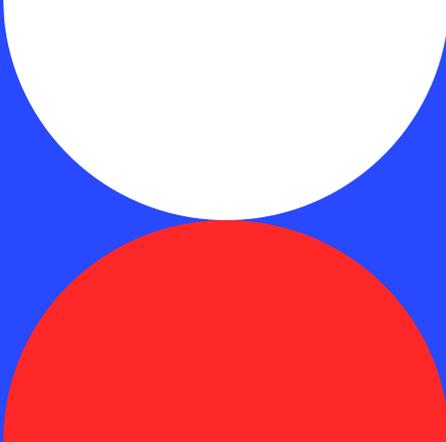


Using Vantage 4.0 credit scores in the mortgage world.





Agenda

What is Vantage 4.0 ?

What was in the announcement from Fannie Mae and Freddie Mac?

How can this help more people qualify?

What is the timeline for implementation?

Final tips & takeaways



What is Vantage 4.0?

VantageScore 4.0 is the latest generation of the VantageScore credit scoring model, developed collaboratively by the three major credit bureaus—Experian, Equifax, and TransUnion. It's designed to offer a more inclusive and predictive way to assess creditworthiness, especially for consumers with limited credit histories.

Key Features of VantageScore 4.0

1. Trended credit data: Unlike older models that take a snapshot of your credit behavior, VantageScore 4.0 looks at patterns over time—like whether you consistently pay more than the minimum on your credit cards.
2. Alternative data inclusion: It can factor in rent, utility, and telecom payments, which helps score people who don't use traditional credit products. Medical collections: Ignores medical debt less than six months old and weighs unpaid medical collections less harshly than other types. Less reliance on tax liens and judgments: These derogatory marks have a reduced impact compared to previous models.
3. Expanded Scoring Models - Can score millions of consumers who were previously "unscorable" under models like FICO 8 or 9



The big announcement came from the Federal Housing Finance Agency (FHFA) on July 8, 2025: lenders selling loans to Fannie Mae and Freddie Mac can now immediately use VantageScore 4.0 for mortgage underwriting.



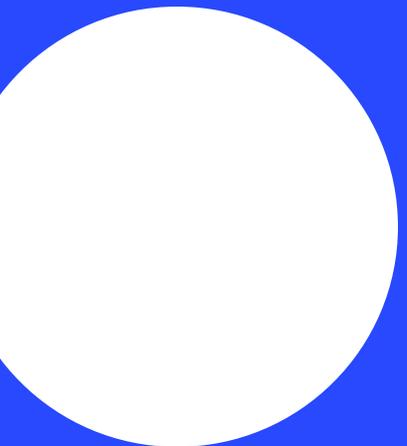
Highlights from the FHFA Announcement Effective immediately;

1. Lenders may use VantageScore 4.0 alongside or instead of FICO scores in the existing tri-merge credit report system.

2. The move enforces the 2018 Credit Score Competition Act, signed into law to promote credit score innovation and affordability.

3. FHFA estimates this could unlock \$1 trillion in new mortgage activity and help up to 5 million Americans—especially renters, veterans, and rural buyers—qualify for homeownership.

4. VantageScore 4.0 includes rent, utility, and telecom payments, making it more inclusive for “thin file” borrowers





Why Can More Folks Qualify with Vantage 4.0?

Instead of just looking at your current credit balances, it evaluates how you've used credit over time. For example, consistently paying down credit cards—even without full payoff—can be seen as responsible behavior.

Includes rent and utility payments If you're paying rent, phone, or electric bills on time, VantageScore 4.0 can count that as credit-worthy behavior. That's a game changer for first-time buyers who haven't built up traditional credit.

Less harsh treatment of medical debt Medical collections under six months old are ignored, and even older unpaid medical bills get reduced impact. This helps people whose credit took a hit from unexpected healthcare costs.

Scores more people—fast You only need one month of credit history and one account reported within the past two years to get a score. Compare that to models like FICO 8, which often need six months of history.

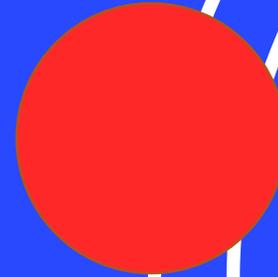
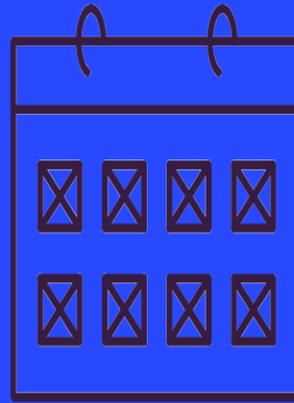
Works for thin file and non-traditional borrowers people like new grads, gig workers, or those who primarily use debit cards can now be evaluated more fairly.



Differences in Scoring Models

Feature	VantageScore 4.0	FICO 8 / 9
Minimum credit history	1 month	6 months
Trended data	Yes	No
Paid collections impact	Ignored	May still affect score
Medical debt	Ignored (if paid or <6 mo)	Weighed less, but still counts
Alternative data (rent, utilities)	Included when available	Not included
Score range	300–850	300–850

Timeline?



The Implementation for using this new scoring method will take some time.

Here are some key take aways;

Q4 2025: Full implementation deadline—all GSE-backed loans must be scored using VantageScore 4.0, per FHFA’s mandate. 🛠️

What’s Happening Behind the Scenes -No new infrastructure is required—tri-merge stays in place, making adoption smoother.

FHFA, Fannie Mae, and Freddie Mac are hosting stakeholder forums and listening sessions to address industry concerns and ensure a smooth rollout.

Some mortgage insurers and warehouse lenders are still evaluating how to integrate VantageScore 4.0 into their pricing and delivery platforms

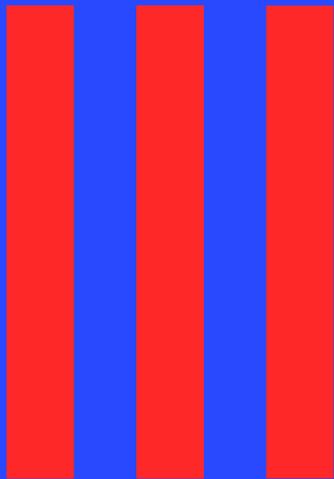
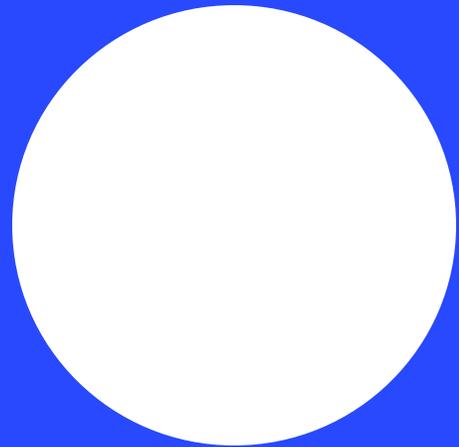


Talking Points with Clients

1. Vantage 4.0 may help some clients qualify for a loan
2. End Qt 3 is when widespread implementation is scheduled
3. Continue making your payments on time and as agreed.
4. If you have a light credit profile, this may be a route to approval.
5. Reach out to a C2C Home Loans originator for additional discussions



Q&A session



Thank you for attending
today's call!