



## Solution overview

# Are you ready for the future of credit scoring?

What mortgage lenders need to know about preparing for the new FICO 10T and VantageScore 4.0 requirements.

The fourth quarter of 2025 looms large in the mortgage industry: It's the deadline for lenders to begin using new credit scoring models for single-family loans sold to Fannie Mae and Freddie Mac.

For borrowers, the models are expected to result in greater access to credit scores and home loans.

But for mortgage lenders, plenty of questions remain.

What impact will the two new models, FICO 10T and VantageScore 4.0, have on the way you conduct business?

How will you implement the new requirements, especially as the credit modernization timeline includes a twist: Beginning in Q425, Fannie Mae and Freddie Mac will require credit reports from only two of the three major credit bureaus, down from the current requirement for all three. Lenders worry what the change from three scores to two will mean for their operations and sales processes.

The new credit scoring models will require preparation and planning. We expect to see modifications in all parts of the lending value chain, from point-of-sale and loan origination systems to secondary market activities.

## Using data to take the long view

Key to the new credit scoring models is data—and lots of it.

While FICO 10T and VantageScore 4.0 are updated versions of existing systems that lenders have relied on for years, the new models include trended, or historical, credit data. (The “T” in FICO 10T is for “trended”.)

Both models’ datasets leverage 24 months of consumer credit history instead of the moment-in-time snapshot that today’s credit reports provide. The longer-term view lets lenders see how consumers manage credit details such as balances and payments over time.

It’s a crucial difference. The advanced credit metrics are expected to benefit borrowers by providing increasing inclusivity and enabling wider access to single-family loans acquired by Fannie Mae and Freddie Mac. Together, the two government-sponsored enterprises (GSEs) support [70% of the mortgage market](#).

## Stakeholder concerns

For lenders, the new metrics’ ability to more accurately predict borrowers’ future behavior is expected to lead to lower risk and default rates.

But first, there’s implementation work to be done.

In forums hosted by the Federal Housing Finance Agency (FHFA), the independent agency that regulates Freddie Mac and Fannie Mae, stakeholders [emphasized](#) the need for early access to the new datasets from FICO and VantageScore so lenders can begin the process of analyzing and integrating it.

In response, the FHFA [released](#) VantageScore 4.0 historical data in July 2024.

Given FICO’s overwhelming market share in mortgage credit scoring — FICO [puts it at 90%](#) — the datasets for FICO 10T are even more eagerly awaited and [expected to be released](#) soon.

## Getting a jumpstart on implementation

Now comes the challenging part for lenders.

Cognizant has a deep background in all aspects of the mortgage end-to-end environments, from technology assessment to process changes and, most importantly, to customer impact.

Our history across the leading POC, LOS and Servicing tech stacks and our deep domain expertise on process give us a unique insight into what you need to be ready for and how you can prepare.

Here are the guidelines we’re sharing with customers to ensure a smooth transition to the new scoring models:

- **Understand the customers’ point of view—literally.** Learn what customers will see during the sales process and understand how to ensure the new changes deliver open access to credit as planned.
- **Assess how data and score changes** will impact the customer experience.
- **Examine the role of generative AI and other automation solutions** to not only assist in the change but also to make it more transparent.
- **Determine which technology readiness and solutions** can be introduced to complement legacy processes.
- **Ensure your analytics and risk management are ready.** How do you convert risk assessment from old to new?
- **Prepare a roadmap of the changes**, including how to introduce them to your sales personnel and to customers.



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