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WHAT TO KNOW ABOUT THE NEXT ERA OF MORTGAGE CREDIT SCORING

VANTAGESCORE® 4.0. FICO® SCORE 10T.

JANUARY 1, 2027: A NEW ERA OF MORTGAGE CREDIT SCORING

The mortgage industry is preparing for a significant shift in credit scoring. As the GSE framework evolves, lenders are preparing for VantageScore 4.0 and FICO Score 10T alongside Classic FICO—introducing new ways to evaluate borrower credit risk and understand credit behavior over time.

WHY CREDIT SCORING IS CHANGING

Modern scoring models use trended credit information and advanced analytics to provide additional insight into how borrower credit behavior changes over time.

This evolving approach can support more informed decisioning and create opportunities for broader credit access.

UNDERSTANDING THE NEW CREDIT SCORING LANDSCAPE

As lenders prepare for the evolving scoring environment, three models are part of the conversation:

CLASSIC FICO

- Established mortgage credit scoring model
- Uses traditional credit information
- Familiar to lenders and mortgage workflows
- Provides a traditional view of a borrower's credit profile

VANTAGESCORE® 4.0

- Newer scoring model
- Uses trended credit information
- Can incorporate additional payment data when available
- Requires lender and workflow readiness

FICO® SCORE 10T

- Newer FICO scoring model
- Uses trended credit information
- Adds historical credit behavior to risk assessment
- Requires lender and workflow readiness

THE KEY TAKEAWAY

The transition is about more than adding a new score to a credit report.

Lenders need to prepare for an environment where multiple scoring models may play a role—and where technology, policies, integrations, and teams must be ready to support that change.

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WHY IT MATTERS

- **Trended Credit Data:** Reviews up to 24 months of credit behavior for deeper insight into debt management.
- **Enhanced Risk Insight:** Shows whether borrower balances are increasing or decreasing over time.
- **Improved Predictive Performance:** Uses trended data to improve risk prediction compared with Classic FICO.
- **Familiar FICO Framework:** May require fewer policy adjustments for lenders already using FICO-based underwriting.

THE REAL CHALLENGE: WORKFLOW READINESS

New scoring models require more than a change to the credit report. Lenders need to prepare their LOS, underwriting workflows, credit policies, integrations, and teams for an evolving scoring environment.

The goal: adapt without adding unnecessary operational complexity.

WHAT IT MEANS FOR BIRCHWOOD CLIENTS

Birchwood fully supports both Classic FICO and FICO Score 10T, helping lenders evaluate and operationalize new scoring requirements as GSE adoption progresses. Our team assists with bureau integrations, LOS configuration, score presentation options, testing, training, and workflow readiness to ensure a smooth transition with minimal operational disruption.

THE BIRCHWOOD ADVANTAGE

The credit ecosystem is changing. Birchwood helps lenders participate in that change without retooling current processes or underwriting workflows.

Our value goes beyond delivering a score. We help lenders navigate the transition with confidence, consistency, and minimal disruption.