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Unlocking Access: The Consumer Advantage of the Tri-Merge Credit Report

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Executive Summary

The tri-merge credit report has been a reliable communicator of credit risk for mortgage lenders and consumers for decades. This three-score report compiles the maximum amount of information available from all three credit bureaus and completes a full risk profile for credit assessment. The current use of the tri-merge report has proven to be the most successful way of assessing a consumer's credit risk.

In 2022, to increase credit market competition, the Federal Housing Finance Agency (FHFA) sought to require Fannie Mae and Freddie Mac to use a bi-merge report for risk assessment before buying mortgages.[1] Instead of increasing competition, such a move would have reduced the amount of information in the decision-making process.

While the FHFA did not implement the bi-merge report requirement, renewed interest could revive the policy. The tri-merge credit report is a reliable model that works best with the complicated credit market that currently exists.

The bi-merge model is seen by some as a way to increase competition in the credit rating market, but there are ways to increase competition, rather than by limiting information. In 2025, the VantageScore model, VantageScore 4.0, was allowed for use by the FHFA to evaluate mortgages sold to Fannie Mae and Freddie Mac. Rather than restricting information used in risk assessment—as in a bi-merge credit report—expanding approved models increases competition without reducing information.[2]

[1] Federal Housing Finance Agency Office of Inspector General, *FHFA Followed Federal Requirements in Supporting Its Decision for the Enterprises' Use of Bi-Merge Credit Reporting* AUD-2025-008, September 29, 2025, https://www.fhfaoig.gov/AuditsAndEvaluations/fhfa-followed-federal-requirements-supporting-its-decision-enterprises-use-bi.

[2] "VantageScore 4.0 Allowed for Use on All Fannie Mae and Freddie Mac Mortgages Effective Immediately," VantageScore, last modified July 8, 2025, https://vantagescore.com/resources/knowledge-center/press_releases/vantagescore-4-0-allowed-for-use-on-all-fannie-mae-and-freddie-mac-mortgages-effective-immediately; Bill Pulte (@pulte), "Effective today, to increase competition to the Credit Score Ecosystem," X, July 8, 2025, https://x.com/pulte/status/1942589271702962447?s=46.

Introduction

The tri-merge credit report has long-provided mortgage lenders with the necessary information to assess consumers' credit. In the credit ecosystem, the tri-merge model has become the mortgage industry standard because of its wide use of available information. It balances multiple factors in the underwriting process to accurately estimate risk, which in turn helps maintain low long-term costs for the consumer.

How Credit Scores Are Calculated

To understand the negative effect that going from a tri-merge credit reporting model to a bi-merge model would have, it is important to understand the mortgage underwriting process and why a tri-merge is required by the Federal Housing Finance Agency (FHFA). Fannie Mae and Freddie Mac (the Enterprises) currently hold about 57 percent of the mortgage market, and they provide liquidity for the originating lenders.[3] If a mortgage lender plans to sell a loan to either of the Enterprises to free up additional capital and write additional mortgages, the mortgage lender must run a tri-merge credit report.

The tri-merge report uses three separate scores from the three credit bureaus: Experian, Equifax, and TransUnion (the Bureaus). Each bureau receives information from groups such as credit card companies, lenders, and collections though they do not receive identical information. This occurs because the Bureaus hold different sets of tradelines and the furnishers of credit-related data do not always provide that information to every credit bureau. The Bureaus use a third-party credit scoring model, traditionally FICO, to generate a score.[4]

A tri-merge report results in three separate scores.[5] The three separate scores from the tri-merge credit report are assessed from each Bureau's information.[6] The scores, generated from the models, serve as indicators for lenders to know how a person handles their debt and the probability of loan repayment.

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[3] "NMDB Outstanding Residential Mortgage Statistics: Market Shares", *National Mortgage Database (NMDB®)*, accessed November 21, 2025, https://www.fhfa.gov/data/dashboard/nmdb-outstanding-residential-mortgage-statistics; "Fannie Me and Freddie Mac: What to know," Freedom Mortgage, accessed October 31, 2025, https://www.freedommortgage.com/learning-center/articles/fannie-mae-freddie-mac.

[4] Community Home Lenders of America, *CHLA White Paper on Mortgage Credit Score Markets and Pricing* (Arlington, VA: CHLA, 2024), https://www.communitylender.org/wp-content/uploads/2024/04/CHLA-Credit-Score-White-Paper-4.30.2024.pdf

[5] "How Credit Reporting Works," Consumer Data Industry Association, accessed October 16, 2025, https://www.cdiaonline.org/for-consumers/how-credit-reporting-works/.

[6] "What Are the FICO® Score Versions?" Experian, accessed October 16, 2025, https://www.experian.com/blogs/ask-experian/fico-score-versions/ and "Credit Scores," U.S. Federal Housing, last modified July 15, 2025, https://www.fhfa.gov/policy/credit- scores; What Are the FICO® Score Versions?"; Experian, accessed October 16, 2025, https://www.experian.com/blogs/ask-experian/fico-score-versions/.;
FICO uses different models approved for different types of loans. Most mortgage lenders use the "Classic FICO" model, which uses FICO scores 2, 4, and 5.

Different information from the Bureaus means that the three scores create a more comprehensive picture for the lender. When a lender pulls the tri-merge report, the median (middle) number is chosen to evaluate credit risk.[7]

The Federal Housing Finance Agency and the Move to Bi-Merge

The Federal Housing Finance Agency (FHFA) was required to add additional credit score models with the passage of the Credit Score Competition Act, which was signed into law in 2018.[8] This requirement led to the approval of VantageScore 4.0 and FICO 10T for calculating credit scores.[9] It also stirred the tri-merge debate related to the Enterprises a few years later.[10]

While they do not offer loans, the Enterprises do buy mortgages from lenders and hold a significant number of mortgages in the country.[11] As a conservator, and because of their influence in the broader industry, the FHFA establishes rules for the Enterprises to purchase loans.[12]

The move toward the bi-merge model began in 2022 when the FHFA issued a conservatorship directive stating, "the Enterprises will work toward changing the requirement that lenders provide credit reports from all three nationwide consumer reporting agencies (CRAs). Instead, the Enterprises will require lenders to provide credit reports from two of the three nationwide CRAs."[13] Some proponents believed moving to the bi-merge model would further increase marketplace competition among the Bureaus.[14] The mortgage lenders would be allowed to choose the bureaus from which to pull scores and would encourage them to further compete on price and accuracy.

[7] "Why Do Mortgage Lenders Pull Three (3) Credit Report Bureaus?" Blink Lending and Investments, accessed October 16, 2025, https://blinklending.com/frequently-asked-questions/understanding-credit-scores/why-do-mortgage-lenders-pull-three-3-credit-report-bureaus/.
[8] "Credit Scores," U.S. Federal Housing, July 15, 2025, https://www.fhfa.gov/policy/credit-scores.
[9] Ibid.
[10] Ibid.
[11] "VantageScore 4.0 Allowed for Use on All Fannie Mae and Freddie Mac Mortgages Effective Immediately."
[12] U.S. Government Accountability Office, Federal Housing Finance Agency—Applicability of the Congressional Review Act to *FHFA Bi-Merge Requirement and Determination on Two New Credit Score Models,* by Edda Emmanuelli Perez, B-336260, October 1, 2024, 3, https://www.gao.gov/assets/880/871866.pdf.
[13] "FHFA Announces Validation of FICO 10T and VantageScore® 4.0 for Use by Fannie Mae and Freddie Mac," U.S. Federal Housing, last modified October 24, 2022, https://www.fhfa.gov/news/news-release/fhfa-announces-validation-of-fico-10t-and-vantagescore-4.0-for-use-by-fannie-mae-and-freddie-mac.
[14] Federal Housing Finance Agency Office of Inspector General, *FHFA Followed Federal Requirements in Supporting Its Decision for the Enterprises' Use of Bi-Merge Credit Reporting* AUD-2025-008, 2.

The directive to require the bi-merge model was reversed a year later.[15] The Office of Inspector General (OIG) released an audit report outlining the changes and methods used to determine the efficiency and use of the bi-merge reporting model and if they "complied with applicable laws, regulations, and internal policies and procedures when making its decision."[16] If implementation were to occur, the new requirement would allow lenders to use either the tri- or bi-merge model with a new implementation. However, the change was never implemented. In January of 2025 the implementation date was changed from the fourth quarter of 2025 to undetermined.[17]

The topic of tri-merge went quiet for the next several months until Bill Pulte, the current director of the FHFA, announced in an "X" post in July that VantageScore 4.0 was approved for all mortgages being sold to the Enterprises.[18] He also added that tri-merge would remain the standard for mortgage lending.[19] "Effective today, to increase competition to the Credit Score Ecosystem and consistent with President Trump's landslide mandate to lower costs, Fannie and Freddie will [allow] lenders to use Vantage 4.0 Score with no current requirement to build new infrastructure (stays Tri Merge)."[20]

Reason for the Tri-Merge Model

The importance of credit scoring in evaluating risk is well established. Research conducted by the Joint Center for Housing Studies at Harvard in 2004 focused on the importance and benefit of a credit score for increasing homeownership.[21] The report revealed that credit scoring, or a credit score, provides information that improves credit accuracy and efficiency by improving the assessment of credit risk, this is what the Bureaus provide.[22]

The Bureaus operate independently, hold different sets of tradelines, and the furnishers of credit-related data do not always provide that information to every credit bureau.[23] Creditors who report information to the Bureaus are under no obligation to report to all three. The tri-merge model provides the most information for risk evaluation.

[15] Federal Housing Finance Agency Office of Inspector General, *FHFA Followed Federal Requirements in Supporting Its Decision for the Enterprises' Use of Bi-Merge Credit Reporting* AUD-2025-008, September 29, 2025, 2, 11, https://www.fhfaoig.gov/sites/default/files/AUD-2025-008.pdf; U.S. Government Accountability Office, *Federal Housing Finance Agency—Applicability of the Congressional Review Act to FHFA Bi-Merge Requirement and Determination on Two New Credit Score Models.*

[16] Federal Housing Finance Agency Office of Inspector General, *FHFA Followed Federal Requirements in Supporting Its Decision for the Enterprises' Use of Bi-Merge Credit Reporting,* 2.

[17] Federal Housing Finance Agency Office of Inspector General, 2, 11; "Credit Score Models and Reports Initiative," Freddie Mac Single-Family, accessed January 30, 2026, https://sf.freddiemac.com/general/credit-score-models.

[18] "VantageScore 4.0 Allowed for Use on All Fannie Mae and Freddie Mac Mortgages Effective Immediately."

[19] Ibid.

[20] Bill Pulte (@pulte), "Effective today, to increase competition to the Credit Score Ecosystem," X, July 8, 2025, https://x.com/pulte/status/1942589271702962447?s=46.

[21] Hollis Fishelson-Holstine, "The Role of Credit Scoring in Increasing Homeownership for Underserved Populations," *Joint Center for Housing Studies Working Paper Series*, BABC 04-12, February 2004. https://www.jchs.harvard.edu/sites/default/files/media/imp/babc_04-12.pdf.

[22] Ibid.

[23] "How Credit Reporting Works," Consumer Data Industry Association.

Beyond the data used by the Bureaus, delays in updating information on a borrower's credit file can create outdated scoring and introduce inaccuracies in risk assessment.[24] The tri-merge model reduces the risk of such inaccuracies. The benefits of better risk assessment result in improved access to financing.

In an analysis conducted in 2023, TransUnion simulated the application of the bi-merge model.[25] In it, they discovered that individual credit scores suffered when applying a bi-merge report.[26] The study randomly dropped one credit score to determine how many people would be affected by the move. Its greatest impact was on consumers with scores ranging from 620 to 699, considered fair to good scores, and would render 1.9 million people ineligible for a mortgage loan who otherwise would have been approved.[27]

Results are similar for consumers with even lower scores. S&P Global found that for credit scores between 575 and 675, there was between a 38- to 47-point difference between the highest and lowest reports, causing significant impact for individuals who may be bordering on an approval.[28] According to research, underrepresented consumers can benefit the most from accurate scoring.[29] This can mean the difference between receiving a mortgage and being turned down. With the numerous factors present in the housing market today preventing homeownership, the move to a bi-merge model should not be one of them.

The Criticism of the Tri-Merge Credit Reporting Model

The main criticism of the tri-merge credit reporting model is its expense, but this is a two-fold issue. How it works is the mortgage lender will pull a report using a Reseller Consumer Reporting Agency (reseller); the reseller purchases the score from the Bureaus; and the Bureaus pay a licensing fee to the credit modeling company (FICO / VantageScore) to use their model to calculate the scores.[30] All of these costs are factored into the final price of pulling the credit report.[31]

[24] Ibid.
[25] TransUnion, *Tri-Merge to Bi-Merge: A Look at the Repercussions to the Credit Ecosystem*, TransUnion Mortgage, 2023, https://www.transunion.com/lp/mortgage-bimerge-analysis-wp.
[26] Ibid.
[27] Ibid.
[28] "Residential Mortgage Credit Score Snapshot: When Three Bureaus Become Two," S&P Global, June 8, 2023, https://www.spglobal.com/ratings/en/regulatory/article/230608-residential-mortgage-credit-score-snapshot-when-three-bureaus-become-two-s12748088; TransUnion, *Tri-Merge to Bi-Merge: A Look at the Repercussions to the Credit Ecosystem*.
[29] Hollis Fishelson-Holstine, "The Role of Credit Scoring in Increasing Homeownership for Underserved Populations."
[30] Community Home Lenders of America, *CHLA White Paper on Mortgage Credit Score Markets and Pricing* (Arlington, VA: CHLA, 2024).
[31] Ibid., 5.

Tri-merge reports cost more than bi-merge reports because three data sets and scoring models need to be pulled instead of two.[32] The average cost for a tri-merge model report in the spring of 2024 costs between $40 and $60 with the expense arising from the licensing process fees for data and scoring models.[33] Because consumers often check with different mortgage lenders who will each pull their own tri-merge credit reports, these reports may be pulled multiple times throughout the mortgage lending process, and the fees multiply.[34] While lenders can absorb costs, especially for denied or otherwise canceled loans, consumers often pay these fees at closing. Concern over costs was fueled by complaints of recent credit report fee increases that date back to 2023 with influential critics including Rohit Chopra, former Consumer Financial Protection Bureau (CFPB) director.[35]

However, the fee argument is weak when compared to overall mortgage costs. Upfront fees for a mortgage, typically part of closing costs, factor credit in their calculation and can be reduced with higher credit scores.[36] For example, a 30-year conventional mortgage for a borrower on a $350,000 home with a credit score of 620 might pay $2,033 while a person with a credit score of 660 might see monthly payments at $1,979.[37] The savings incurred by implementing a bi-merge model would be quickly surpassed by the savings from an improved credit score.

Challenges in the Credit Market Aren't Addressed Through Bi-Merge

Maintaining the tri-merge doesn't mean ignoring challenges in the credit market. While shortcomings exist, many already have proposed or active solutions.

One of the main challenges is access to information used to build credit. For consumers who have thin-file, are credit-invisible, or have limited or outdated information in their credit history, accessing credit is a challenge.[38]

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[32] David Krechevsky, "'Massive' Increase In Credit Report Cost Coming in 2023," *National Mortgage Professional,* November 28, 2022, https://nationalmortgageprofessional.com/news/massive-increase-credit-report-cost-coming-2023.
[33] Rohit Chopra, "Prepared Remarks of CFPB Director Rohit Chopra at the Mortgage Bankers Association" (speech, Mortgage Bankers Association, May 20, 2024), https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-at-the-mortgage-bankers-association/.
[34] Community Home Lenders of America, *CHLA White Paper on Mortgage Credit Score Markets and Pricing.*
[35] Rohit Chopra, "Prepared Remarks of CFPB Director Rohit Chopra at the Mortgage Bankers Association."
[36] Federal Housing Finance Agency, *Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2022*, May 2024, https://www.fhfa.gov/document/fannie-mae-and-freddie-mac-single-family-guarantee-fees-in-2022; "Guaranty Fee," Syndication Pro, accessed November 3, 2025, https://syndicationpro.com/glossary-definitions/guaranty-fee. Upfront fees are also called Guarantor Fees (G-fees).
[37] Louis DeNicola, "Average Mortgage Rates by Credit Score," *Experian*, January 29, 2025, https://www.experian.com/blogs/ask-experian/average-mortgage-rates-by-credit-score/. The data is based on a $350,000 mortgage dated January 2025.
[38] Kenneth Brevoort, et al., "Data Point: Credit Invisibles," *The CFPB Office of Research* (May 2015), https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf; Kenneth Brevoort, et al., "Technical Correction and Update to the CFPB's Credit Invisibles Estimate," *Consumer Financial Protection Bureau* (June 2025), https://files.consumerfinance.gov/f/documents/cfpb_update-credit-invisibles-estimate_2025-06.pdf.

This obstacle is addressed in some of the scoring models themselves. For example, VantageScore 4.0 includes consideration of rental, telecommunications, and utility payments history in its scoring model, which creates additional avenues for building credit.[39]

Thin credit is also addressed in the proposed legislation, the Credit Access and Inclusion Act, in the 119th Congress.[40] Similar to what is already taking place in VantageScore 4.0 the proposed legislation would clarify the use of rental, telecommunications, and utility payments reported to the Bureaus for use in the scoring model.[41] For thin-file consumers, and even those with longer credit histories, using rental, telecommunications, and utility payments provides an opportunity to boost credit.[42] Rather than addressing this barrier through alternative data, bi-merge would reduce already-limited information for the consumer, but approving models to include additional information would help consumers boost credit.

While bi-merge was pitched in part as a way to increase competition, the credit marketplace shows that there are already strong signs of competition without this regulation. As of October 2025, FICO has, for the first time, bypassed the credit bureaus in selling the licensing use of their software. They are now offering the reseller the ability to purchase the licensing directly and bypass the Bureaus. This appears to be an effort to compete with the approved VantageScore 4.0 model. FICO's program is called the "FICO® Mortgage Direct License Program" and is designed specifically for tri-merge reports.[43] Such changes in services suggest competition in the marketplace, without the need for regulating reports.

The bi-merge model fails to address the largest barriers to mortgage access and could leave consumers without a loan. Dropping even one score could prevent consumers from receiving a loan offer, helping them realize their dream of homeownership.

[39] "VantageScore 4.0 Allowed for Use on All Fannie Mae and Freddie Mac Mortgages Effective Immediately," and "How to Use Alternative Data in Credit Risk Analytics," FICO Blog, November 4, 2025, https://www.fico.com/blogs/how-use-alternative-data-credit-risk-analytics.
[40] "Rep. Young Kim Leads Bipartisan Bill to Help Millions of Americans Build Better Credit," Young Kim: California's 40th District, Sep 16, 2025, https://youngkim.house.gov/2025/09/16/rep-young-kim-leads-bipartisan-bill-to-help-millions-of-americans-build-better-credit/; "Text - H.R.5402 - 119th Congress (2025-2026): Credit Access and Inclusion Act of 2025," Congress.gov, September 16, 2025. https://www.congress.gov/bill/119th-congress/house-bill/5402/text.
[41] Ibid.
[42] "Top 10 Consumer Questions: FHFA Acceptance of VantageScore 4.0," VantageScore, last modified July 28, 2025, https://vantagescore.com/resources/knowledge-center/top-10-consumer-questions-fhfa-acceptance-of-vantagescore-4-0.
[43] "FICO Launches Cost-Cutting Direct License Program for Mortgage Lending," FICO, October 1, 2025, https://www.fico.com/en/newsroom/fico-launches-cost-cutting-direct-license-program-mortgage-lending.

Conclusion

Despite the negative impact, moving to a bi-merge model may still be on the table.[44] This is concerning especially from an implementation standpoint as the FHFA has never disclosed how the bi-merge model scores would be evaluated.

One major question remains: which scores would be pulled and how would they be used in determining risk? The two bureau scores would reportedly be chosen by the lender, but it is unclear whether the highest, lowest, or average score would be used in decision making.[45] There is still not enough information available on the technical aspects of the bi-merge implementation. It would not be prudent to consider another reporting structure until these details can be provided.

The credit ecosystem is intricate and challenging. However, change for the sake of action without considering the immediate and long-term implications is reckless. Such carelessness would come at a cost to the consumer. Adopting the bi-merge credit report does not address the current challenges in the credit market. The consumer benefits by accounting for all the data present, which can mean the difference between approval or denial for a mortgage. The tri-merge model ensures completeness and accuracy in credit information. Without this model, eligible consumers would be left without the benefits this report provides, therefore, potentially limiting consumer access.

Reducing information could prevent consumers from participating in the joy of homeownership. The tri-merge credit report continues to be an important part of the mortgage approval process. It should be maintained to safeguard consumers and act as an imperative to identify solutions for the credit market challenges in the mortgage industry. Regulators should leave the tri-merge model in place.

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[44] Bill Pulte (@pulte), "Effective today, to increase competition to the Credit Score Ecosystem."
[45] "New Changes Coming to Credit Scoring Models & Credit Reporting," Certified Credit, last modified March 12, 2024, https://www.certifiedcredit.com/new-changes-coming-to-credit-scoring-models-credit-reporting/#:~:text=Once%20the%20new%20bi%2Dmerge,They%20may%20decide%20to.

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