

# FICO® Score 10 T for Mortgage Originators

Lead with the most predictive FICO® Score powered by trended data

- **Expand homeownership and grow volume** with up to a 5% increase in approvals compared to prior versions, without incremental risk.
- **Maximize gain on sale and profitability** while optimizing pricing through enhanced revenue and expense forecasting.
- **Gain a stronger-performing loan portfolio and mitigate credit risk** by reducing delinquencies up to 17% at a cutoff of ~680 over prior FICO® Score versions.
- **Explore the value of FICO® Score 10 T.** Receive FICO Score 10 T along with your current score at no additional charge from FICO.



# FICO® Score 10 T mortgage originations hypothetical portfolio illustration

This example shows \$518,492 of potential net revenue gain using FICO® Score 10 T versus Classic FICO® Score, taking into consideration the following assumptions:

- A hypothetical originations portfolio with an application volume of \$1 billion and a pull-through rate of 60% using Classic FICO® Score.
- Lenders may see an additional 5% approval using FICO® Score 10 T, equating to a 63% pull-through rate, when maintaining the same level of risk and score cutoff.
- Average loan size of \$325,000, average gain on sale of \$15,000, and average origination cost per unit of \$11,000 for Classic FICO® Score and \$10,923 for FICO® Score 10 T.

|   | Current strategy using Classic FICO® Score | New strategy using FICO® Score 10 T |
|---|--|-------------------------------------|
| Application volume (hypothetical)   | \$1,000,000,000                            |                                     |
| Pull-through rate at score assuming same score cutoff and similar level of risk | 60%  | 63%                                 |
| Funded volume (based on pull-through rate)                                      | \$600,000,000                              | \$630,000,000                       |
| Funded units (assuming \$325k average loan size)                                | 1,846                                      | 1,938                               |
| Average gain on sale (assumptions based on industry averages)                   | \$15,000                                   |                                     |
| Average origination cost per unit   | (\$11,000)                                 | (\$10,923)                          |
| Total gain on sale on funded units  | \$27,692,308                               | \$29,076,923                        |
| Total cost on funded units  | (\$20,307,692)                             | (\$21,173,815)                      |
| Net revenue   | \$7,384,615                                | \$7,903,108                         |
| Gain in revenue using FICO® Score 10 T instead of Classic FICO® Score           | \$518,492                                  |                                     |

NOTE: These numbers are for illustrative purposes; actual results will vary based on lender’s portfolio.

## FICO® Score 10 T improvement over Classic FICO® Score

|                                    | Relative reduction in default rate | Relative increase in approval rate |
|------------------------------------|------------------------------------|------------------------------------|
| All mortgage originations          | 17%                                | 5%                                 |
| Conventional mortgage originations | 14%                                | 4%                                 |
| FHA mortgage originations          | 20%                                | 26%                                |
| VA mortgage originations           | 17%                                | 10%                                |
| Jumbo mortgage originations        | 8%                                 | 2%                                 |
| HELOC originations                 | 9%                                 | 2%                                 |

## Enhance your mortgage originations strategy with FICO

Our Mortgage and Capital Markets experts can help you minimize risks and maximize your profitability with our advanced credit risk tools.

Connect with us at [ficoscoreinfo@fico.com](mailto:ficoscoreinfo@fico.com)

