

Preserving Mortgage Market Integrity:

Why a Single Bureau Credit
Report Option Harms Investors,
the Secondary Market, and Long
Term Housing Finance Stability

Executive Summary

The Mortgage Bankers Association¹ has intensified its advocacy to move away from the mortgage industry’s long-standing tri-merge credit report standard—most notably by advocating for an optional “single file/one national credit repository” credit report approach for certain borrowers (e.g., where an initial score is at least 700).¹

This whitepaper explains why a one bureau (single repository) approach is not in the best interest of investors, the secondary market, mortgage insurers, or long term housing finance stability, even if it appears to reduce upfront origination expenses.

The core problem is structural: credit bureau datasets are not identical, and creditors are not required to submit tradelines to all bureaus.² Therefore, any approach that relies on only one repository for underwriting or final loan delivery increases the probability of missing debt, derogatory history, or positive history—each of which distorts risk evaluation and pricing.

Meanwhile, the Federal Housing Finance Agency (FHFA) has reiterated in its most recent credit score initiative update that near term changes (e.g., lender choice between Classic FICO® and VantageScore® 4.0) do not initially change existing Enterprise credit reporting requirements; and the Enterprises’ implementation materials emphasize continuing the tri-merge framework for this interim phase.³



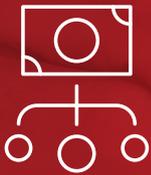
Key Conclusions



One bureau introduces systematic data completeness risk because furnishers do not report uniformly across all bureaus.²



One bureau creates adverse selection / “bureau shopping” incentives—an underwriting analogue to “appraisal shopping”—that can inflate delivered credit quality metrics while increasing embedded credit risk.⁴



One bureau undermines secondary market comparability, forcing investors, aggregators, rating agencies, and MI providers to recalibrate models and potentially demand risk premiums for uncertainty.⁴



One bureau increases pricing volatility for borrowers and investors because credit scores can vary across repositories due to data differences; the tri-merge structure is specifically designed to reduce the impact of outliers through representative score conventions⁵



A credible, empirical warning exists: a TransUnion analysis argues that moving away from tri-merge to a single report can materially change score outcomes for a meaningful share of borrowers and alter eligibility outcomes at scale.⁶

Bottom Line

Reducing a mission-critical risk control, such as tri-merge, to alleviate origination cost pressures is a misguided trade-off. The mortgage market is fundamentally different from the auto loan market. Its long duration, embedded prepayment and servicing economics, MBS and TBA liquidity dynamics, and taxpayer-backed (or taxpayer-adjacent) risk transfer mechanisms make mortgage credit infrastructure a matter of capital markets stability—not merely an origination workflow consideration.



Call to Action

Investors and market participants should affirm tri-merge as the baseline for final underwriting and delivery, advocate for targeted cost reforms that do not reduce data integrity, demand score choice between FICO® and VantageScore®, and partner with firms like CIC Credit to implement stronger credit data deliverables.

The Current Mortgage Credit Standard: What “Tri-merge” Actually Does

Tri-merge in the Enterprise (GSE) context

For conventional loans delivered to Fannie Mae, lenders generally obtain a three in file merged credit report (commonly called “tri-merge”), intended to include information from three different credit repositories.⁵

Fannie Mae’s guidance describes expectations that:



The report includes information from multiple repositories (and addresses how to proceed if fewer are available under limited circumstances).⁵



If duplicate tradeline information is present but not identical, the merged report should reflect the most derogatory duplicate information relating to payment history/status—an explicit safety and soundness bias in the structure.⁵



Lenders request credit scores from each repository when ordering the three in file merged report.⁵

How representative scoring dampens outliers

The tri-merge approach also supports a standardized “representative score” method (commonly understood as the “middle score” concept for a single borrower) and comparable approaches for multiple borrowers (e.g., average median).⁵

This matters to investors because it creates a long standing convention for:

- Eligibility and pricing stratification
- Pool composition comparisons
- Back testing of default/severity and credit performance models

Once you weaken the consistency of the underlying credit input, you weaken the integrity of everything built on top of it.

What MBA Is Proposing

MBA's leadership has publicly argued that tri-merge is "outdated" and that the market should move toward a single file structure used in other consumer finance markets.¹

More specifically, MBA has urged FHFA and the Enterprises to allow lenders the option to rely on a single credit report from one national credit repository for borrowers meeting an initial credit score threshold (frequently discussed as 700+).⁹

MBA's stated rationale centers on:



Reducing consumer closing costs and lender fallout costs



Introducing competition among bureaus



Asserting limited additive value from multiple reports for certain score bands⁹

However, there are significant downstream consequences of that shift for:

- Investors
- The MBS/TBA ecosystem
- Market liquidity and pricing transparency
- Aggregators
- Mortgage insurers



The Foundational Risk: Incomplete Data

Furnishing data is optional— and not uniform across bureaus

There are critical facts that are often minimized in single bureau proposals:

- Furnishing tradelines is voluntary
- Furnishers are not required to submit tradelines to all CRAs
- Furnishers have different reporting policies (e.g., reporting only delinquencies vs. both positive and negative history)²

These are not minor operational details. They are the core reasons tri-merge exists as a mortgage standard: it is a structural hedge against incomplete coverage.

Score variance is not hypothetical— it's expected

Even consumer-facing scoring education acknowledges bureau score differences can occur because:

- Not every lender reports to every bureau
- Timing of updates differs
- File matching and data differences occur¹⁰

In other words, one bureau is not a “clean substitute” for a tri-merge—especially in a market where a handful of score points can move a loan into a different price/eligibility bin.

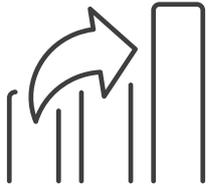
Investor and Secondary Market Impacts: Why One Bureau Is a Capital Markets Problem

Underwriting comparability breaks—investors price uncertainty

Secondary market participants rely on standardization. When the credit input becomes inconsistent (loan A uses Bureau X, loan B uses Bureau Y), investors face a new problem:

Is the observed credit score distribution a true risk signal—or an artifact of repository selection?

That uncertainty is not free. It typically expresses itself as:



Wider required
spreads/yield
premiums



Lower execution
certainty for
aggregators



Greater reliance
on overlays and
compensating
factors



Demands for
additional disclosures
or re-scoring
practices

The Structured Finance Association (SFA), representing securitization market participants through to bondholder investors, explicitly warned FHFA about the risk that “competition” can become a race to the bottom through gaming and “credit score inflation,” raising yield premiums and borrowing costs.⁴

Adverse selection and “bureau shopping” incentives intensify

If lenders can choose which bureau “counts” (even if only for certain borrowers), market incentives will push toward selecting the bureau/score that:

- Improves approval likelihood
- Reduces LLPAs/improves price
- Maximizes best execution for delivery

Even if the policy is “optional,” optionality creates a selection mechanism. Investors should assume that—over time—delivery behavior will not be random.

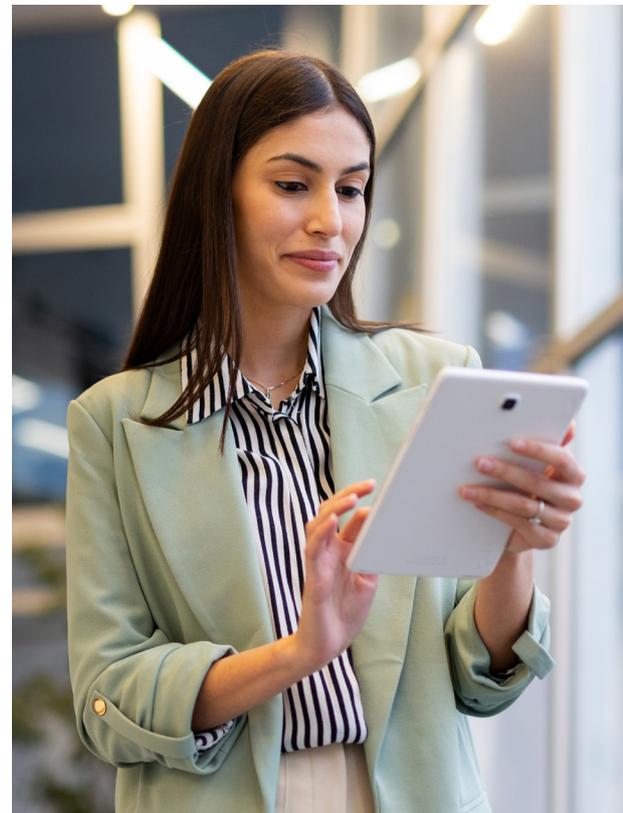
SFA’s warning about adverse selection and gaming is directly relevant here.⁴

MSR and whole loan pricing becomes harder, not easier

In the real world, the market will not instantly converge on one bureau/score convention for all executions (GSE, whole loan, CRT adjacent, jumbo, etc.). Community Home Lenders of America (CHLA) has highlighted that:

- A single bureau model can make it harder for aggregators/investors to price loans, leading to risk premiums that raise rates.
- Some investors may require different bureaus/scores, forcing lenders to pull more than one anyway to determine best execution.

From an investor perspective, this is a warning sign: the “cost savings” narrative may not survive contact with secondary market fragmentation.



Risk Layering:

Why a Single Bureau Option Increases Repurchase and Putback Risk

More missing debt = more early payment default and QC findings

When “undisclosed debt risk increases with just one bureau,” QC defect findings and early performance volatility become more likely. CHLA flags this directly.

MBA’s response has suggested that the GSEs would not adopt a one report policy while holding lenders responsible for data they were not required to obtain.¹

But investors should evaluate the full chain of risk:



Even if GSE repurchase policy is adjusted, loan performance is not adjusted.



Credit risk transfer structures, MSR valuations, and non agency executions still price realized risk and uncertainty.



Any gap between “what is required” and “what is prudent” eventually shows up in pricing, overlays, or liquidity discounts.

Single point of failure: operational resilience and counterparty risk

Tri-merge is also an operational resiliency tool: it reduces dependence on a single repository’s:

- Data integrity
- Match/merge algorithms
- Outage risk
- Cyber incident risk
- Dispute pipeline lag

Reducing redundancy in a systemically important market is rarely rewarded by capital markets. It is generally penalized.



Empirical Evidence: What the Data Suggests About Moving Away From Tri-Merge

A TransUnion market brief argues that moving from tri-merge to a single credit report can materially change outcomes, including:

- A meaningful share of consumers experiencing score changes beyond modest thresholds
- Potential shifts in eligibility and approval outcomes at scale ⁶

Investors do not need to accept every conclusion of an industry produced study to accept the central takeaway:

If score and eligibility outcomes change materially under a one bureau scenario, then capital markets risk models and pooling behavior – and pricing will change too.

That change creates:

- Transition risk
- Model risk
- Liquidity risk
- Disclosure and compliance risk



Why the “Other Consumer Finance Markets Use Single Bureau” Argument Fails

MBA frequently points out that other markets (auto, home equity, unsecured) operate with single bureau norms. ¹

That analogy is weak for four reasons:

- 1. Duration and convexity:** Mortgages are long duration assets with embedded prepayment options; small changes in credit performance assumptions affect valuation materially.
- 2. Standardization requirements:** Agency MBS depends on pooling and disclosure conventions that reward comparability; inconsistent credit inputs erode that. ⁴
- 3. Systemic externalities:** Mortgage underwriting standards propagate through the housing market and taxpayer risk frameworks more directly than short term consumer credit.
- 4. Adverse selection sensitivity:** In mortgages, tiny shifts in score/eligibility bins can trigger very large changes in execution, pricing, and loan composition.

The Strategic Case for Tri-merge:

Why It Serves Investors and the Secondary Market

Tri-merge is not “three reports for the sake of three reports.” It is an institutional control that:

- Increases data completeness when furnishing it is uneven across bureaus.²
- Reduces the impact of errors by allowing inconsistencies to surface, in a world where credit report inaccuracies are well documented (FTC found a meaningful portion of consumers identified and corrected errors, with some errors affecting terms).⁸
- Dampens outliers through representative scoring conventions.⁵
- Supports stable investor modeling by maintaining consistent underwriting inputs and disclosure comparability.⁴



FHFA's Current Direction:

Tri-Merge Remains the Practical Baseline

FHFA's "Credit Scores" policy update (last updated mid-July 2025) explains that the Enterprises will permit delivery using either Classic FICO® or VantageScore® 4.0 in an interim phase, and explicitly notes that this does not initially change current Enterprise credit reporting requirements.³

Separately, Fannie Mae's implementation materials reflect that lender choice is being introduced via the tri-merge credit report requirement during this phase.⁵

For investors, this matters because it signals that the regulator recognizes a core truth:

Modernization can occur (score choice, better models, more predictive data) without degrading the credit report integrity standard that supports market stability.

A Better Path:

Reduce Costs Without Sacrificing Data Integrity

Investors can acknowledge the industry's cost concerns while rejecting the false choice between "tri-merge or affordability."



A forward-looking, investor-aligned reform agenda should focus on:

Preserving tri-merge for final underwriting and delivery

- Maintain tri-merge as the baseline for loans destined for securitization/CRT/whole loan executions where investor comparability is essential.

Expanding score competition (without lowering report quality)

- FHFA is already pursuing lender choice between Classic FICO® and VantageScore® 4.0.³
- Investors should insist that any competition framework includes guardrails against gaming and adverse selection—the precise concern flagged by SFA.⁴

Requiring enhanced disclosure during any transition

SFA recommends disclosure frameworks that help the market compare scores used vs. scores pulled, and even suggests overlapping “re-scoring” concepts to build investor confidence during transitions.⁴

Addressing price transparency directly

If the policy objective is cost reduction, target the cost structure:

- Transparent pricing schedules
- Standardized reissue and transfer policies
- Controls on bundling practices that obscure what is actually being paid for (report vs. score vs. ancillary products)

Cost reform should be pursued without reducing the information set that protects credit investors.

Call to Action for CIC Credit Clients and Partners



For investors, aggregators, and capital markets leaders

1. Publicly affirm tri-merge as a market stability standard for securitization bound mortgages
2. Demand any “single file” experimentation occur only with:
 - Robust anti gaming rules
 - Mandatory disclosures
 - Investor validated comparability periods ⁴
3. Price loans assuming that one bureau optionality introduces selection bias unless proven otherwise with transparent performance data

For lenders and servicers

1. Treat tri-merge variance monitoring as a risk governance requirement, not a compliance formality
2. Build internal controls that detect:
 - Material bureau deltas
 - Missing tradelines
 - Rapid score movements that change eligibility/LLPA tiers

Where CIC Credit Should Lead

CIC Credit should position itself at the center of a modernized, investor aligned credit ecosystem by championing:

- **Tri-merge preservation with modernization** (score competition, better analytics, better consumer outcomes—without reducing data completeness). ³
- **Variance intelligence:** actionable reporting on bureau deltas and file completeness risk (particularly for thin file and first-time buyer populations where the stakes of missing data are highest). ²
- **Investor-ready documentation standards** that support liquidity, comparability, and confidence.

The market does not need less data. It needs better governance, better transparency, and smarter implementation. CIC Credit can be the platform that makes this a reality: *protecting borrowers’ access while safeguarding the capital that makes homeownership possible.*

Selected References (Source Highlights)

1. MBA public statements advocating single file / one repository approaches (MBA)
2. Congressional Research Service: furnishing is voluntary; not required to all CRAs ([Congress.gov](#))
3. FHFA Credit Scores policy update (July 2025) ([FHFA.gov](#))
4. Structured Finance Association letter to FHFA (July 22, 2025) on gaming/ score inflation and disclosure ([Structured Finance Association](#))
5. Fannie Mae Selling Guide: Types of Credit Reports; Credit Score Requirements ([Fannie Mae Selling Guide](#))
6. TransUnion market brief on tri-merge vs single report impacts (TransUnion Media)
7. CHLA addendum outlining investor/MSR pricing concerns and gaming risk
8. FTC credit report accuracy study summary (Federal Trade Commission)
9. (To the Point)
10. ([myFICO®](#))

Address

3000 Business Park Cir
Suite 300
Goodlettsville, TN 37072

Contact

Phone : 615-386-2282

Email : info@ciccredit.com

