

National Mortgage News

Equifax adds alternative data to mortgage credit reports

By [Spencer Lee](#) October 14, 2022, 1:36 p.m. EDT 2 Min Read

Credit-reporting agency [Equifax](#) announced it would begin including utility, cable and telecommunications payment data in credit reports sent to mortgage companies, as the home finance industry continues efforts to open up homeownership to more consumers.

The addition of the new types of payment histories alongside data already available within credit reports is expected to expand opportunities for first-time buyers particularly, as well as overlooked credit-invisible consumers who may otherwise be considered unscorable due to scant profiles, Equifax said.

"While traditional credit reports remain a strong indicator of credit history and past financial reliability, we believe that more data drives better decisions," said Equifax CEO Mark W. Begor in a press release.

The past year has seen the mortgage industry make a concerted push toward considering alternative criteria to expand homeownership opportunities, especially to underserved communities. Following Fannie Mae's announcement last year that it would start factoring in [rent-payment history](#) in its underwriting decisions, Freddie Mac followed suit this summer.

Credit-reporting bureaus also embarked on partnerships and initiatives that would add [rental data to scoring models](#). And talk has grown in the past several months that both government-sponsored enterprises might soon begin to [accept VantageScore](#), an alternative credit-scoring system to longtime mortgage-industry standard FICO that looks at rent data.

"Reviewing traditional credit reports alongside alternative data insights enables the mortgage industry to develop a more complete picture of a consumer's

financial profile to drive greater financial inclusion by potentially streamlining the mortgage underwriting processes for many more consumers," Begor said.

Even borrowers with sufficient data in their credit profiles could see some benefit from the addition of other types of payments by speeding up underwriting, according to Equifax. Underwriting and closing speeds are pain points [frequently noted by borrowers](#) in recent surveys.



Equifax said the recognition of the importance of the new data to determine creditworthiness not only fuels efforts to create more homeowners, but generates opportunities for lenders.

"The key to greater financial inclusion lies in greater levels of visibility," said Craig Crabtree, senior vice president and general manager at Equifax Mortgage & Housing Services.

"By delivering these mainstream and highly structured telco, pay TV and utilities attributes in addition to its traditional mortgage credit reports, Equifax is providing the mortgage industry with the ability to access enhanced data sets that can further facilitate the mortgage lending processes for more consumers," he said.

The data will be sent along with mortgage credit reports to lenders at no additional charge starting in early 2023, Equifax said.