

January 26, 2018

The Honorable Melvin L. Watt  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

cc: Office of Housing and Regulatory Policy

**RE: Credit Score Request for Input**

Dear Director Watt:

The undersigned associations appreciate the Federal Housing Finance Agency (FHFA) and Fannie Mae and Freddie Mac (the Enterprises) conducting a thorough review of the impact that credit scores have on access to mortgage credit. It has been too long since such a review was undertaken, and the topic is ripe for analysis. Consideration of potential updates to the Enterprise credit score requirements represent a crucial component of this review. Given both the importance and complexity of this issue, we respectfully urge FHFA to extend by an additional 45 days the response period associated with its Request for Input (RFI) issued on December 20, 2017.<sup>1</sup>

FHFA correctly notes in the RFI that credit scores are used in various capacities by not only the Enterprises, but also mortgage lenders, mortgage insurers, investors, credit reporting agencies, and consumer credit resellers. As such, changes to Enterprise credit score requirements could have widely-felt implications for borrower access to credit, origination costs in the primary mortgage market, the ability to fully analyze and properly price mortgage credit risk, and liquidity in the secondary mortgage market.

And as you observed in a recent speech, the process for determining how best to proceed with updates or changes to the Enterprise credit score requirements is far from simple. In fact, you noted that “it is turning out to be among the most complicated decisions [you] have faced during [your] tenure at FHFA.”<sup>2</sup> We too recognize the challenges associated with this process, and we agree that care must be taken to ensure that any decision improves the mortgage process for both borrowers and the varied industry stakeholders.

In order to provide more thorough and comprehensive responses to the RFI, our efforts will necessarily involve engaging our diverse set of member institutions. We believe the

---

<sup>1</sup> FHFA, “Credit Score Request for Input,” December 20, 2017. Available at: [https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/CreditScore\\_RFI-2017.pdf](https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/CreditScore_RFI-2017.pdf).

<sup>2</sup> Watt, Melvin L., “Prepared Remarks of Melvin L. Watt, Director of FHFA, at the Mortgage Bankers Association Annual Convention & Expo 2017,” October 23, 2017. Available at: <https://www.fhfa.gov/Media/PublicAffairs/Pages/Prepared-Remarks-of-Melvin-L-Watt-Director-of-FHFA-at-Mortgage-Bankers-Association-Annual-Convention-and-Expo-2017.aspx>.

additional time requested would improve the quality of these responses, particularly by allowing more opportunities to gather and analyze member feedback. The RFI features an ambitious set of considerations, including four potential policy options, twenty-nine distinct questions, and a host of additional factors that are discussed. To provide responses that are sufficiently thoughtful and informative, as this issue warrants, we believe that an extension of the February 20, 2018 deadline is necessary.

We would also note that publicly releasing the results of the Enterprises' empirical evaluations of Classic FICO, FICO 9, and VantageScore 3.0 would allow for interested stakeholders to better analyze the implications of using various models. While we are cognizant of the limitations of these evaluations, particularly with respect to potential borrowers who have not applied for mortgages or borrowers served through other channels, we nonetheless believe the results would be helpful as we conduct our own analyses. An extension of the February 20, 2018 deadline, coupled with the release of these results, would allow us the opportunity to undertake such analyses.

Should you have questions or wish to discuss this request, please contact Dan Fichtler, Director of Housing Finance Policy at the Mortgage Bankers Association, at (202) 557-2780 or [dfichtler@mba.org](mailto:dfichtler@mba.org).

Thank you for your consideration of this request.

Sincerely,

**American Bankers Association  
Asian Real Estate Association of America  
Credit Union National Association  
Housing Policy Council of The Financial Services Roundtable  
Mortgage Bankers Association  
National Association of Federally-Insured Credit Unions  
National Association of Hispanic Real Estate Professionals  
National Association of Home Builders  
National Association of REALTORS®  
Real Estate Services Providers Council, Inc.  
U.S. Mortgage Insurers**