

**Congress of the United States**  
**Washington, DC 20515**

March 30, 2018

The Honorable Mel Watt  
Director  
Federal Housing Finance Agency  
400 7th Street SW  
Washington, DC 20024

Re: Credit Score Request for Input

Dear Director Watt:

The undersigned diverse group of members of the United States House of Representatives share a common belief that the time has come for the Federal Housing Finance Agency (FHFA) to update the credit scoring model mandated for use by lenders who sell mortgages to Fannie Mae and Freddie Mac (the Enterprises). FHFA should allow for greater competition in credit scoring by permitting the Enterprises to choose among credit scoring models that comply with criteria established by FHFA. This action by the FHFA will place sustainable homeownership within the reach of more Americans. We are encouraged that the FHFA has conducted a thorough, multiyear empirical analysis on this subject and now asks the public for its feedback through this Request for Input (RFI).

The current model mandated for use by the Enterprises is out of date. Since the mandated model was first conceived, credit score providers have made meaningful improvements to their models' treatment of rent payments, utility payments, and medical debt. Much of that innovation would disproportionately benefit African-Americans, Hispanics, and first-time homebuyers. Competition between credit score providers drove much of this innovation. Rather than triggering a "race to the bottom" like some critics claim, permitting the Enterprises to choose among credit score models, subject to constraints established by FHFA, will result in improved credit scoring products that are more predictive and inclusive.

None of the four options under consideration by FHFA and described in the RFI reflect the solution contemplated by the Credit Score Competition Act (H.R. 898), legislation that many of us have cosponsored. This legislation promotes competition in credit score modeling and incentivizes innovation by credit score model providers, prioritizing integrity, reliability and accuracy in underwriting decisions. Each of the four options contemplate a one-time change to the credit score model currently used by the Enterprises; we prefer establishing a process, like that proposed in the Credit Score Competition Act, that promotes competition now and in the future. That said, of the four options in the RFI, Option 3 – Lender Choice on which Score to Deliver, with Constraints – is the best option for consumers and embraces competition in credit scoring. Lender choice is key and aligns with our preference for market competition. Option 3 would modernize the Enterprises' underwriting systems and benefit underserved creditworthy Americans.

We applaud the FHFA for its work “to increase mortgage credit for creditworthy borrowers, consistent with the full extent of applicable credit requirements and risk-management practices.” Updating the credit scoring models accepted by the Enterprises and allowing for competition in which credit scoring models will allow the Agency to fulfill this mission. We look forward to expeditious action on this front.


Sincerely,




ED ROYCE  
Member of Congress



GREGORY W. MEEKS  
Member of Congress



SCOTT TIPTON  
Member of Congress



JIM HIMES  
Member of Congress



LUKE MESSER  
Member of Congress



CAROLYN B. MALONEY  
Member of Congress