



The Honorable Mel Watt
Director, Federal Housing Finance Agency
4000 7th Street, SW
Ninth Floor
Washington, DC 20024

Re: Credit Score - Request for Input

Dear Director Watt:

We appreciate the opportunity to provide feedback on the Federal Housing Finance Agency's ("FHFA") proposal regarding the potential updating of the Enterprises' credit score requirements.

Pinch is building technology that helps renters automate their rent payments and build their credit history by reporting their rent payments to the three major credit bureaus. Pinch verifies and reports rent payments to Equifax, Experian, and TransUnion, where they are incorporated into our customers' credit report as a rental tradeline. Rent is the single largest monthly obligation for many Americans (in 2015 nearly 40% of renters spent over 30% of their income on housing)¹, and we feel that it is vitally important that credit is given for those payments, especially to historically underserved populations.

The inclusion of rental payments in credit history can have a profound impact on the homeownership prospects of Americans. According to a recent study by the New York City Comptroller's Office, 76% of New York City residents paying less than \$2,000 per month in rent would see an increase in their credit score if their rent payments were reported to the credit bureaus. Furthermore, 28.7% of tenants in the study would obtain a credit score for the first time, with an average initial score of 700.²

We understand that there are significant costs and technological challenges associated with changing the Enterprises' credit score requirements. We believe that in the long-run, the

¹ Joint Center for Housing Studies at Harvard University, "State of the Nation's Housing 2017."

² New York City Comptroller Scott M. Stringer, "Making Rent Count: How NYC Tenants Can Lift Credit Scores and Save Money", <https://comptroller.nyc.gov/wp-content/uploads/documents/Rent-and-Credit-Report.pdf>, (October 2017).



short-term pain will be outweighed by the long term benefit of opening up an avenue to home ownership for potentially millions more Americans.

The inclusion of rent payment data in FICO 9 and VantageScore 3.0 was a good start, and the mainstreaming of rent payment reporting through services like Pinch is a necessary next step. To bring these efforts to fruition, and provide the needed uplift to the home ownership prospects of Americans, however, this new data needs to be used on a large scale by the Enterprises to actually make underwriting decisions.

Once again, we would like to thank the FHFA for the opportunity to participate in the dialogue around this extremely important issue.



Michael Ducker
Cofounder, Pinch
ducker@pinchapp.com



Maia Bittner
Cofounder, Pinch
maia@pinchapp.com

