



March 13, 2018

Federal Housing Finance Agency
Office of Financial Analysis and Modeling
400 7th Street SW, 9th floor
Washington, DC 20219

RE: CREDIT SCORE REQUEST FOR INPUT

EXECUTIVE SUMMARY

1. **CRA calculations of FICO should be fungible:** Reporting and quality standards are necessary to ensure that scores from each CRA are reliably consistent with each other. In addition to improving consistency, standards better protect consumers and reduce costs by enabling score buyers to use any one version of a score instead of two or three.
2. **Duty to serve:** The credit scoring market has some characteristics of a public utility and therefore has a responsibility to address the needs of underserved populations and markets, and to protect consumers. New scores should be implemented only if they meaningfully change results for marginal borrowers and do not significantly reduce accuracy for the core population.
 - Score builders and CRAs should be responsible for demonstrating that they adequately address underserved populations and markets.
3. **Requirements for score usage are not critical:** For many years, neither the GSEs (nor the large banks, for that matter) have relied on credit scores alone for their credit decisions, so it is now less important how many scores or versions of scores originators supply to the GSEs.
 - Credit scores are a concise and consistent way of communicating credit risk to investors, regulators, consumers, and other mortgage market participants.
 - Scores that are consistent over time are critical for mortgage market participants who do not build their own scoring models, but do use existing scores to develop their own behavioral and valuation models.
4. **Historical data is essential:** A data utility is needed that contains loan-level historical mortgage performance and includes both old and new credit scores. This would enable businesses, consumers, and investors to revise models and maintain a consistent understanding of scores and risk.
5. **Vantage may need to be spun off:** The CRAs have the burden to prove that owning Vantage is not anti-competitive, but rather provides “community value.” The principal role of the CRAs is the difficult job of intermediating between score builders, data providers, and users. CFPB and FHFA should ensure that the beneficial synergies derived from vertical integration exceed the risks of reducing competition.