



OHIO CREDIT
UNION LEAGUE

March 29, 2018

Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street, SW
Washington, DV 20219

Re: Request for Input on Fannie Mae and Freddie Mac Credit Score Requirements

To Whom It May Concern:

On behalf of Ohio's 276 credit unions serving nearly 3 million members, the Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the Federal Housing Finance Agency's (FHFA) request for input (RFI) on Fannie Mae and Freddie Mac (the Enterprises) credit score requirements.

While we appreciate the FHFA's inquiry and past research into the issue of credit score requirements, we urge the agency to find the right balance between safety and soundness and credit availability for consumers. We, like FHFA, recognize that mortgage credit has become less available for many consumers since the financial crisis as the underwriting standards have increased. As such, OCUL believes it is necessary for FHFA to continue to work with lenders, like credit unions, to improve and promote the housing market.

Request for Input

As the state trade organization for Ohio's credit unions, we seek to assist the agency in learning more about various credit scoring models and illustrate how credit unions work with different models for different products.

Currently, the Enterprises use a Classic FICO for product eligibility, loan pricing, and financial disclosure purposes. In addition, the Enterprises have recently implemented changes that allow their automated underwriting systems to evaluate borrowers who do not have a Classic FICO credit score. As a result of this RFI, the FHFA is considering changing the Enterprises' current credit score requirements and considering a Classic FICO, FICO 9, and/or VantageScore 3.0.

For brevity, OCUL will not specifically address all questions posed in this RFI. Rather, we will discuss the credit union mortgage industry and highlight which credit scoring models are utilized.

As non-profit, financial cooperatives, credit unions often originate their members' mortgage loans and sell mortgages on the secondary market, when appropriate. In 2016, Ohio's credit unions funded more than 16,000 mortgage loans totaling approximately \$1.9 billion in funding. Nationally, the total real estate loan balance increased 9.7% in 2017 to reach \$468.2 billion as of September 30, 2017. Overall, the average balance for first mortgage originations was up 3.9% year-over-year. To ensure a strong market, qualified financial institutions and credit worthy eligible borrowers should have fair and equitable access to the financial services offered by the Enterprises.



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Typically, midwest credit unions utilize TransUnion for credit reports as many of these financial institutions report to TransUnion. While not many Ohio credit unions utilize VantageScore 3.0, the most common scoring model is a Classic FICO 08. Certain credit unions pull a Tri-Merge report for mortgage loans, and other credit unions will pull an Auto Specific FICO 08 for auto lending.

While we do not have a recommendation that FHFA adopt a particular option set forth in this RFI, OCUL supports the approach which will provide the greatest flexibility for lenders, like credit unions. Thus, we encourage policy and regulatory decisions by FHFA that maximize flexibility, including deferring the decision to the credit union. As such, we would discourage FHFA from moving forward with an inflexible option that requires credit unions to deliver both a FICO 9 and VantageScore 3.0.

Conclusion

On behalf of Ohio's 276 credit unions, thank you for your careful consideration and for the opportunity to express these views on Fannie Mae and Freddie Mac credit scoring requirements to the FHFA. Should you have any questions, please feel free to contact us at 1-800-486-2917.

Sincerely,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President
Ohio Credit Union League

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Manager of Policy Impact
Ohio Credit Union League



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