March 30, 2018

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

cc: Office of Housing and Regulatory Policy

RE: Request for Input: Tri-merge Credit Reports

Dear Director Watt:

Thank you for the opportunity to comment on the Federal Housing Finance Agency's Request for Input (RFI) issued December 20, 2017. CoreLogic[1] applauds this effort to ensure a transparent and ongoing dialogue regarding how best to serve consumers through a housing marketplace which is accessible and sustainable across economic cycles.

Credit Scores:

As one of the nation's largest providers of tri-merge credit reports we encourage FHFA to consider how new sources of data can augment or displace current credit report data or be used where traditional credit report data is not available. No doubt any of these new data sets must be used in a consistent, safe and sound manner to ensure that more consumers can have access to sustainable homeownership. More broadly we believe that all changes to the current system should be supported by credible studies of the various alternatives considered and a high degree of transparency and engagement with various stakeholders is essential.

[1] **About CoreLogic**
CoreLogic (NYSE: CLGX) is a leading global property information, analytics and data-enabled solutions provider. The company's combined data from public, contributory and proprietary sources includes over 4.5 billion records spanning more than 50 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets CoreLogic serves include real estate and mortgage finance, insurance, capital markets, and the public sector. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. Headquartered in Irvine, Calif., CoreLogic operates in North America, Western Europe and Asia Pacific. For more information, please visit www.corelogic.com.

Tri-merge Credit Reports

CoreLogic believes there are viable alternatives to the long-standing use of tri-merge credit reports to support mortgage underwriting. We support moving away from the current tri-merge credit report requirement for reasons discussed below:

- Preliminary Analysis Supports a Bi-merge Credit Report: Pricing and competitive issues must be set into the context of ensuring a sustainable housing market across economic cycles. To this end, we have, though internal analysis, explored options for moving away from the current tri-merge credit report requirement. While the degree of homogeneity of credit reports has increased over time, our analysis indicates that moving to a single credit report is not an option. Differences between the three nationwide credit bureau databases at both the national and regional levels demands the use of a bi-merge credit report.

- Absence of Price Competition: Because a tri-merge credit report requirement eliminates all forms of price competition between the three nationwide credit bureaus[2] consumers, community bankers, and all other mortgage lenders pay far higher prices than would otherwise likely be the case. Price increases per year continue unabated and far exceed inflation indices, or the prices charged where the three nationwide credit bureaus are subject to competition.

- Competitors Controlling the Cost of Production: Adding to the pricing concerns is the fact that nationwide credit bureaus can enter the tri-merge market directly. In fact, one has been in the market for many years. Where this is the case a nationwide credit bureau is controlling the cost of production even as they compete for business. This asymmetric competitive result isn't, in our opinion, in the best interest of market participants and is due to the tri-merge requirement.

CoreLogic also supports further exploration of how new, alternative data sources can be used by primary market lenders. These data sources may augment traditional credit reports, displace them or fill the gap where a traditional credit report is not available. Implementing a holistic, longitudinal process of evaluation will help to foster the responsible adoption of best-in-class data and analytics derived from innovation funded by primary market players. In the best outcome, these innovations will help to create a marketplace that provides for safe, sustainable lending practices for more low- and moderate-income consumers.

Finally, there may be additional competitors who wish to enter the current credit reporting marketplace. Consistent with our view that other data sources should be considered, we also urge FHFA to consider an efficient approval mechanism for the entry of new credit report competitors.

[2] As identified by the Federal Trade Commission, the three nationwide consumer reporting agencies are Equifax, Experian and TransUnion.

In closing, CoreLogic is uniquely positioned to aid both the GSEs and FHFA in determining the right migration path from a tri-merge credit report to a bi-merge credit report. We believe that determining this path can be done now and concurrent with ongoing efforts focused on the Common Securitization Platform and the creation of a common security. Reconsideration of the tri-merge credit report requirement would provide significant benefits to consumers and mortgage market participants.

We look forward to continued dialogue with the goal of ensuring more consumers have access to sustainable homeownership, and that investors have continued confidence in the data and analytics that ensure risk is identified, distributed and priced properly.

Thank you for this opportunity to comment.

Sincerely

Stuart K. Pratt
Global Head
Public Policy & Industry Relations