



Submitted Electronically

March 21, 2019

Mr. Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Eighth Floor  
400 Seventh Street, SW  
Washington, DC 20219

Re: Validation and Approval of Credit Score Models [RIN 2590-AA98]

Dear Mr. Pollard:

Equifax appreciates the opportunity to submit comments regarding the Federal Housing Finance Agency's ("FHFA") proposed rule on the process for validating and approving credit score models by Fannie Mae and Freddie Mac (the "Enterprises"). The credit score models used by the Enterprises have an important role in the mortgage ecosystem and a significant impact on consumers' access to home mortgage loans. Consequently, the FHFA's thoughtful approach to establish a process for approving new credit scoring models used by the Enterprises is warranted and necessary to maintain safety and soundness.

With the underlying goal of preserving safety and soundness and providing the best outcomes for consumers, Equifax recommends that FHFA reexamines two aspects of the proposed rule: (1) the lack of guidance on how multiple credit scoring models would be implemented and (2) the prohibition on an owner of consumer data submitting a credit scoring model for approval.

Adopting a credit score model based on updated and enhanced technology that incorporates all of the predictive information available about a consumer will lead to better risk decisions and expand access to mortgage loans. Yet there are still challenges to moving to a new credit score model, including the significant cost and complexity to mortgage market participants. For example, if the Enterprises were to approve multiple scoring models through the process outlined in the proposed rule, industry stakeholders would be required to update their systems to accommodate the use of more than one credit score, or worse, different market participants could utilize different scores creating confusion and inconsistency. For this reason, Equifax recommends that FHFA consider implementing guidelines to prevent the foreseeable disorder if more than one score is approved and validated at any given time.

The prohibition on a credit score model developer from having any ownership interest in the consumer data used to develop the credit score model is concerning. The outright prohibition would stifle innovation and set a disconcerting precedent for a government entity prohibiting an entire industry from fairly competing. Instead, FHFA could require that the Enterprises consider competition on an individual basis when a credit score model is submitted for approval and validation. Alternatively, FHFA could allow an entity that owns the consumer data to submit a credit score model application on its own or through a partnership with an entity that does not own the consumer data. In the case of the nationwide consumer reporting agencies ("CRAs"), if any one CRA developed a credit score model and submitted it for approval, the other CRAs would have a market incentive to innovate and compete, creating additional benefits for users of credit scores.



Equifax recognizes the difficulty of FHFA's task and is grateful for FHFA's careful consideration of the challenges involved with the introduction of a new credit scoring model into the mortgage system. Equifax welcomes the opportunity to discuss this topic with you. If there are any questions about this response, please direct them to Geoffrey Hickman, Managing Director of Housing Finance and Capital Markets at (703) 517-8358 or [Geoffrey.Hickman@equifax.com](mailto:Geoffrey.Hickman@equifax.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Crabtree". The signature is fluid and cursive, with the first name "Craig" and last name "Crabtree" clearly distinguishable.

Craig Crabtree  
Senior Vice President & General Manager  
Mortgage, Housing & Automotive Services  
Equifax Inc.