EQUIFAX

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FEDERAL HOUSING FINANCE AGENCY

RIN 2590-AA43

October 30, 2013

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA43
Federal Housing Finance Agency
Constitution Center (OGC) Eighth Floor
400 7th Street SW
Washington, DC 20024

RE: ***Credit Risk Retention Re-Proposed Rule***

Dear Mr. Pollard:

Equifax would like to thank the Federal Housing Finance Agency ("FHFA") for the opportunity to comment on its proposed rule regarding risk retention on securitizations of residential mortgage assets. Equifax appreciates the valuable work being done by FHFA and the federal banking agencies involved in developing this proposed rule and finds the proposal to align the definition of "qualified residential mortgage" ("QRM") with that of a "qualified mortgage" ("QM") to be a sensible approach. The rule, when it becomes effective, will serve to effectively protect borrowers, lenders and investors from future abuses similar to those suffered in the recent housing finance crisis. A sound and trustworthy process will bring much needed stability for private investors, thereby fostering a more robust capital raising environment for the US mortgage market.

Equifax is proud to play a leading role in mortgage risk management. We support a variety of processes that promote responsible, quality lending. By providing lenders, insurers, servicers and investors with timely, controlled and secure access to accurate and up-to-date information about consumer credit, borrowing capacity and collateral values, Equifax supports the ability of lenders to make informed and intelligent decisions with regard to the financing of residential mortgages. As the industry continues to take additional steps to ensure quality and protect borrowers and investors, Equifax intends to remain at the forefront as the preferred provider of verified data solutions that have become essential to the lending process.

The following brief comments are in support of the proposed rule. We believe the proposed rule will be effective in reducing risk and encouraging investment in mortgage finance markets.

Background

The securitization of residential mortgage loans is an essential component of modern-day housing finance. However, securitizations that lack transparency or the proper alignment of incentives among parties can lead to harmful consequences for lenders, investors, borrowers and the broader financial system. By requiring a securitizer to retain a financial interest in the performance of the underlying mortgages, the incentives of the securitizer and the investor should be in greater alignment. By aligning the exceptions to the risk retention rules with the strong underwriting standards of QM loans, FHFA is creating strong incentives for the mortgage lending industry to originate mortgages that conform to underwriting standards associated with low rates of default.

Quality Residential Mortgages

Equifax supports the proposed rule and applauds the agencies for making careful modifications to the original proposal. The rule as currently proposed should be effective in promoting lending practices that provide appropriate consumer safeguards, without unnecessarily restraining innovation or borrower access to affordable mortgage credit. In short, the proposed rule strikes an appropriate balance among the interests of the various parties to a mortgage.

Equifax also agrees with the agencies that the alternative approach, called "QM-plus" is too restrictive and therefore inferior to the agencies' preferred approach. A thirty percent down payment requirement under QM-plus would put mortgage credit beyond the reach of many otherwise capable borrowers and is not consistent with current high-quality mortgage underwriting requirements.

Quality, affordable credit options are the backbone of a system marked by widespread credit availability guaranteed in the US by the Equal Credit Opportunity Act and Community Reinvestment Act. To this end, Equifax agrees that harmonization of the agencies' QRM approach with the Consumer Financial Protection Bureau's Qualified Mortgage loan definition is sensible. Agreement by federal regulators on lender obligations at origination and securitization will bring the clarity and consistency necessary to encourage private investment and maintain steady growth of credit opportunities.

Supporting Initiatives on Data Quality

Equifax believes that many of the losses suffered in the housing downturn of 2008 could have been avoided or mitigated if lenders and investors had required independently documented and verified borrower data. Additionally, if such borrower information had been independently validated and utilized by guarantors, insurers, securitizers and investors, a wide range of errors, omissions and regrettable transactions could have been detected, appropriately addressed, and possibly mitigated the negative consequences to the market.

Today we see guarantors, insurers and investors independently reviewing critical credit, income and employment data on all loans before taking a risk position. Through advancements in technology and data management, the speed and economics of this approach to quality are now overwhelmingly compelling. As an example, we find that lenders and investors alike are employing our automated income and employment verification database to improve processing speed and verify the accuracy of every loan they touch. The same is true for verifying credit history and discovering undisclosed liabilities.

Of course, efficiently and cost-effectively leveraging third-party data to validate borrower and lender data must be done in a way that protects and ensures the safeguarding of confidential, sensitive consumer information under appropriate contractual agreements. With more than 100 years of experience in securely delivering quality consumer information, Equifax can help with these critical considerations as well.

Thank you for considering our input and suggestions as you move forward with the proposed rule. We are available to further discuss these ideas at any time. If you have any questions or require additional information, please do not hesitate to reach out to us.

Sincerely,

Jamie A. Crabtree
Regulatory Counsel
Equifax, Inc.