

Trade Groups Support Legislation to Upgrade Credit Scoring

A [coalition of housing-focused trade groups](#) is calling on Congress to pass new legislation designed to responsibly expand mortgage credit to borrowers that lack access to traditional forms of credit. The trade groups are calling for the passage of S. 2355, the [“Credit Access and Inclusion Act of 2015,”](#) and its House of Representatives companion bill, [HR 4172, the “Credit Access and Inclusion Act of 2015.”](#) The trade groups are also calling for the passage of two additional House bills: [HR 4211, the “Credit Score Competition Act of 2015,”](#) and [HR 123, the “FHA Alternative Credit Pilot Program Reauthorization Act of 2015.”](#) All of these bills have bipartisan support.

In calling for the passage of these bills, the trade groups stressed that they were not seeking to loosen or weaken existing lending standards, but to bring about the acknowledgment that traditional credit scoring processes often overlook many creditworthy individuals, particularly in rural, low-income and minority communities.

“A borrower’s credit score is a critical access factor when trying to enter the housing market; with a poor score, or none at all, a borrower will struggle to obtain a mortgage loan or be faced with a higher priced loan,” the trade groups wrote in a letter to Congress. “Yet millions of Americans, particularly minorities, immigrants, and people with modest incomes, may come from backgrounds that avoid debt, leading many to have little to no credit history. With new credit scoring models that incorporate additional predictive metrics and payment history, many of these “thin file” individuals would be able to obtain credit and enter the housing market. Additionally, by clearing the way for utility, telecommunication companies and rental histories to be reported for on-time payments to the credit reporting agencies, many of these individuals with little to no credit files would be able to access credit.”

The trade groups supporting these bills are America's Homeowner Alliance, American Escrow Association, Asian Real Estate Association of America, Habitat for Humanity International, Leading Builders of America, Mortgage Bankers Association, National Association of Hispanic Real Estate Professionals, National Association of Home Builders, National Association of Real Estate Brokers, National Association of Realtors, Real Estate Valuation Advocacy Association, The Realty Alliance and RESPRO. One prominent civil rights organization, the National Urban League, also signed on to the letters to Congress.