

July 19, 2017

The Honorable Tim Scott  
United States Senate  
717 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mark Warner  
United States Senate  
703 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Scott and Senator Warner:

The undersigned organizations that represent a broad array of consumer and housing industry groups commend you for your continued focus on expanding access to credit for creditworthy homebuyers and, in particular, for what we understand to be your willingness to introduce bi-partisan legislation entitled the "Credit Score Competition Act." Your bill, if enacted into law, will responsibly expand mortgage credit for millions of hardworking potential homebuyers without sacrificing credit standards by introducing innovation and market competition into the credit scoring system utilized by Fannie Mae and Freddie Mac (Enterprises).

The "Credit Score Competition Act" would allow many households, especially the growing minority communities and other potential first-time homebuyers, to achieve homeownership by instructing the Enterprises to update their underwriting requirements so that lenders could choose to utilize newer, more predictive and inclusive credit scoring models than is currently the case. Given the expanded data available using newer credit scoring models that are empirically derived, statistically sound and demonstrably valid would provide for greater predictability and create needed competition in the market while simultaneously reducing credit risk for the Enterprises.

It is well-established that consumers benefit from competitive markets -- and that is certainly true when it comes to credit scores. We understand there are alternative scoring models that can score up to 35 million more consumers than the legacy FICO model long-required by the Enterprises. The FICO models that the Enterprises require lenders to use today desperately need updating since they were developed on pre-recession data from more than 20 years ago. According to several studies the previously un-scoreable consumers capable of being scored by more recently introduced models tend to be immigrants and minorities, infrequent credit users and new entrants into the credit market. These groups represent the major growth segment in terms of new business opportunity and would increase housing demand as well as stimulate job growth in the housing industry throughout the country.

As organizations focused on expanding sustainable access to mortgage credit, we urge your Senate colleagues to join with you in supporting this important bi-partisan effort to provide access to mortgage credit by qualified borrowers currently locked-out of the market by allowing competition regarding the credit scoring requirements of the Enterprises. Many consumers face challenges in accessing mortgage credit, but denying creditworthy borrowers access to credit

merely because the Enterprises insist on using standards that are woefully out-of-date should not be one of them. We thank you for authoring legislation to eliminate the Enterprises' reliance on a single legacy credit scoring model, and urge your Senate colleagues to join you in supporting the "Credit Score Competition Act."

Thank you for your leadership on this critically important matter.

Sincerely,

America's Homeowners Alliance  
Asian Real Estate Association of America  
Consumer Federation of America  
Community Associations Institute  
Community Home Lenders Association  
Community Mortgage Lenders of America  
Leading Builders of America  
National Association of Home Builders  
National Association of REALTORS®  
National Association of Hispanic Real Estate Professionals  
National Community Reinvestment Coalition  
National Fair Housing Alliance  
RESPRO  
The Realty Alliance

cc: U.S. Senate Committee on Banking, Housing, and Urban Affairs