



FEDERAL HOUSING FINANCE AGENCY

Office of the Director

August 7, 2023

Ed DeMarco, President
Housing Policy Council
1750 K Street NW
Suite 300
Washington, DC 20006

Dear Mr. DeMarco:

Thank you for your letter dated June 22, 2023, on behalf of the Housing Policy Council (HPC) and other organizations, providing comments on the Federal Housing Finance Agency's (FHFA) announcement on March 23, 2023, of a public engagement process for the implementation of the FICO 10T and VantageScore 4.0 credit score models by Fannie Mae and Freddie Mac (the Enterprises) and the Enterprises' requirement to transition to a minimum of two, rather than three, credit reports from the national consumer reporting agencies.

As you are aware, FHFA has been exploring updates to the Enterprises' credit score requirements since 2014. The validation and approval of the new credit score models, FICO 10T and VantageScore 4.0, was accompanied by rigorous data analysis and an emphasis on both safety and soundness and borrower sustainability. FHFA's decision was made in accordance with the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act, as implemented through the Validation and Approval of Credit Score Models Rule. Industry engagement has been an important element of this work, and continued engagement will be critical to a successful implementation process.

FHFA released a proposed timeline in March to initiate feedback from industry and other stakeholders. We appreciate your input as we consider potential adjustments to the initial proposed timeline to ensure it facilitates a smooth transition to the new models and requirements. FHFA understands the need for data to support stakeholder analysis of the impacts of the new credit score models. The Enterprises are working diligently to secure the historical data needed for this analysis.

Additionally, FHFA and the Enterprises are developing several mechanisms to ensure robust stakeholder engagement. The Enterprises published a partner playbook with information on timelines and resources, that includes frequently asked questions and answers, as well as training opportunities. After the initial publication, the Enterprises updated the playbook and will continue to provide at least quarterly updates. The Enterprises have also held industry education webinars, conducted approximately 100 targeted outreach meetings, received almost 1,000

survey responses, and participated in panel sessions and meetings at various industry events. FHFA plans to offer multiple additional feedback opportunities, including through the establishment of working groups comprised of lenders, servicers, investors, mortgage insurers, technology service providers, and other stakeholders. These regular meetings will facilitate ongoing communication and updates, as well as provide a forum to address implementation challenges and share best practices.

FHFA appreciates the participation of HPC and each of the organizations that submitted this letter in the credit score model implementation planning process and looks forward to continued dialogue on this topic. A shared goal of FHFA and the Enterprises is to work with stakeholders to ensure a smooth transition to the new credit score models and credit report requirements in a manner that avoids unnecessary costs and complexity.

Please feel free to contact Dan Fichtler at daniel.fichtler@fhfa.gov or (202) 536-9442 with any questions.

Sincerely,



Sandra L. Thompson

cc: American Bankers Association
Center for Responsible Lending
Community Home Lenders of America
Consumer Bankers Association
Credit Union National Association
Housing Policy Council
Independent Community Bankers of America
Leading Builders of America
Mortgage Bankers Association
National Association of Federally-Insured Credit Unions
National Association of Home Builders of the United States
National Association of Realtors
National Housing Conference
Reinsurance Association of America
Securities Industry and Financial Markets Association
Structured Finance Association
U.S. Mortgage Insurers