



FEDERAL HOUSING FINANCE AGENCY

Office of the Director

June 16, 2020

The Honorable Tim Scott
United States Senate
104 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Scott:

Thank you for your letter on May 22, 2020, expressing your concerns about credit reporting during this difficult time. The Federal Housing Finance Agency (FHFA) supports accurate credit reporting during the COVID-19 national emergency.

As Fannie Mae and Freddie Mac (the Enterprises) implemented the Coronavirus Aid, Relief, and Economic Security (CARES) Act to ensure that homeowners facing hardship could obtain a mortgage forbearance, the Enterprises amended their credit reporting guidance for mortgage servicers. The Enterprises instructed servicers to report activity to credit bureaus in accordance with applicable law, including the Fair Credit Reporting Act (FCRA) and CARES Act, for homeowners affected by COVID-19. FHFA has taken additional steps to clarify confusion and dispel misinformation, specifically by ensuring that the Enterprises publish scripts which servicers can use to give borrowers complete information about their forbearance options.

Consumer credit data is supplied by furnishers who must follow the Fair Credit Reporting Act. The industry largely follows guidance issued by the trade organization Consumer Data Industry Association (CDIA); however, their guidance may conflict with the furnisher's interpretation of the law. While the Consumer Financial Protection Bureau (CFPB) has some regulatory authorities, there is no central federal regulator for credit bureaus and FHFA has no enforcement authority on credit reporting issues.

It is vital that a consumer's credit report accurately reflects their mortgage and trade history to properly assess a consumer's ability and willingness to repay through the underwriting process. Credit reporting can be nuanced and is only an adequate predictor of default if the consumer's full credit profile is current and accurate. In order to prevent losses, which ultimately will protect taxpayers, FHFA is committed to solid and robust underwriting practices that reduces the possibility of the Enterprises experiencing a loss.

FHFA remains committed to a fair and competitive credit scoring environment. As you are aware, FHFA and the Enterprises are in the application phase of the multi-phase update to the Enterprises' credit scoring requirements. The Enterprises are actively working towards meeting statutory requirements using a validated and approved score by the end of the year, while they

continue to evaluate the most up-to-date credit score models. FHFA is looking forward to announcing updates to the Enterprises' credit score requirements once they have completed the validation and approval process for applications that were received in response to the solicitation issued in December of 2019.

Thank you for sharing your concerns about credit reporting during this economic crisis.

If you have any questions, please contact Sarah Merchak, Director of Legislative Affairs, at (202) 649-3688.

Sincerely,

A handwritten signature in black ink, appearing to read "MaCal", written in a cursive style.

Mark A. Calabria

cc: The Honorable Michael Crapo
The Honorable M. Michael Rounds
The Honorable Thom Tillis
The Honorable Richard Shelby
The Honorable Jerry Moran
The Honorable Pat Toomey
The Honorable Kevin Cramer
The Honorable David Perdue
The Honorable Kelly Loeffler
The Honorable John Cornyn