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Federal Housing Finance Agency  
Office of Strategic Initiatives  
400 7<sup>th</sup> Street, S.W.  
Washington, DC 20024

**RE: *Building a New Infrastructure for the Secondary Mortgage Market***

Dear Acting Chairman DeMarco and Members of the FHFA Staff:

Equifax would like to thank the Federal Housing Finance Agency (FHFA, or the Agency) for the opportunity to comment on its recent white paper, "Building a New Infrastructure for the Secondary Mortgage Market." Equifax appreciates the valuable work being done by FHFA, which we believe will help the mortgage finance industry move beyond the structural inefficiencies and flaws of the current legacy systems and processes.

Equifax is proud to play an integral role in a variety of processes that promote the efficient movement of capital from investors to mortgage borrowers. By providing lenders and investors with controlled and secure access to accurate and up-to-date information about consumer credit, borrowing capacity and collateral values, Equifax supports the ability of these lenders and investors to make informed and intelligent decisions with regard to the financing of residential mortgages. As the industry takes steps to build the infrastructure to support mortgage lending in the future, we feel that increased transparency into borrower/loan data is critical to help facilitate the flow of private capital from investors to lenders.

The following brief comments are organized around a central premise related to the disclosure function of the proposed securitization platform -- that the entry of private capital investment in mortgage credit risk requires increased transparency throughout the industry.

**Background**

Many of the loan quality problems of the latter half of the last decade can be traced to the absence of trusted and independently verified borrower credit, income and capacity data. Lenders and investors often accepted borrowers' statements regarding income, assets and capacity without requiring proof or documentation. As a result, many borrowers received loans that were inappropriate in relation to their employment situation and/or their financial capacity. These practices contributed to the elevated default levels that led to significant credit losses for a wide range of investors and hardship for consumers.



Equifax believes that many of these losses could have been avoided or mitigated if lenders and investors had required independently documented and verified borrower data. Additionally, if such information had been updated and made accessible to investors throughout a mortgage-backed security's lifecycle, investors might have observed changes in credit risk, permitting more continuous market pricing of that risk.

### **Proposed Securitization Disclosure**

The Strategic Plan of the FHFA calls for the building of a securitization infrastructure in part to facilitate the entry of private capital investment in mortgage credit risk. Decisions made around the content and structure of securities disclosures will determine whether, and to what extent, private capital will be attracted to such investment. Efficiently pricing credit enhancements and managing credit risk on an initial and ongoing basis requires the disclosure of data in a way that protects and ensures the safeguarding of confidential, sensitive consumer information under appropriate contractual agreements. The improved transparency that the mortgage finance industry needs must be obtained in a way that does not compromise established consumer privacy safeguards.

As the Agency is aware, in 1970 Congress enacted the Fair Credit Reporting Act ("FCRA"), and in 1999 Congress followed up with significant additional protections for consumers when it passed the Gramm-Leach-Bliley Act ("GLBA"). Taken together, these Acts require private companies that hold the very data that may provide the transparency needed to construct a more efficient and better performing securitization market meet a heavy compliance burden. Equifax does not believe that these burdens are prohibitive in any way to the ultimate accomplishment of the Agency's objectives; however, we respectfully suggest that as frameworks for information sharing are designed that the Agency consult industry to assure that private industry will be able to meet both the Agency's needs in this process as well as their compliance requirements.

Thank you for considering our input as you move forward with the implementation of your strategic plan. We are available to further discuss considerations and 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  
Senior Director & Regulatory Counsel