March 21, 2019

Alfred M. Pollard, General Counsel

Federal Housing Finance Agency

400 Seventh St. NW, 8th Floor

Washington, DC 20219

RE: **RIN 2590-AA98: Validation and Approval of Credit Score Models by Fannie Mae and Freddie Mac**

Dear Mr. Pollard:

The National Consumers League has been working to ensure confidence and safety in the marketplace and workplace since 1899.  These principles are core to our policy work today and after reviewing your credit scoring rule, we believe they are principles that you at the FHFA share with us as well.

While it is disappointing that the RFI process that you started in 2017 has not continued, we are pleased that the agency has clearly taken the input and data you received and the intent of the legislation passed by Congress last year to heart as you wrote this rule.

We applaud the agency for keeping the concerns of consumers paramount and are pleased you have produced a final rule that we believe fairly balances the competing needs of all your stakeholders, while ensuring that potential homebuyers can get the information they need to make informed choices.

We wanted to highlight three aspects of the proposed rule that are especially important for consumers.

**#1 This rule promotes competition in the marketplace by preventing vertical integration by the credit bureaus.**  In our 2017 comments, we asked if organizations who control the vast majority of consumer data at credit bureaus should also be allowed to sell scores and what that means for prices and for competition in the marketplace. The bureau ownership restriction in the new rule addresses these concerns and we believe will help to promote true competition in the marketplace.

**#This rule will promote innovation in the marketplace and allow for new types of data and new methodologies to be tested and evaluated.** The pilot program process that you propose for new scoring models in the rule is exactly the right approach to encourage and promote innovation, competition and the use of true alternative data and alternative methods while still ensuring consumers have a true understanding of how new scores and products could impact consumers, lenders and the economy. In our 2017 comments, we stated that “real work needs to be done by FHFA, the GSEs and all the scoring companies to find new sets of data to supplement what is found from the credit bureaus to help score more consumers and suggested that FHFA look towards pilot projects like those adopted by the US Treasury,

#3**Consumers cannot afford more delay or any more last minute legislative tricks on the credit scoring process**. It’s time to finalize this rule and get the system moving again.  Some players in the market are still using older scores. Some of the newer scores are better and stronger for consumers and have been appropriately evaluated by FHFA as being usable today. We strongly urge the adoption of this rule.

Thank you once again for the agency’s thoughtful analysis and patience during this process.  We applaud FHFA’s commitment to transparency, your careful factual analysis and your thoughtful and deliberative approach to policymaking in this rule.

Sincerely,

Sally Greenberg

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Executive Director

National Consumers League