



May 27th, 2025

The Honorable William J. Pulte
Director, Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20024

Dear Director Pulte:

The Community Home Lenders of America (CHLA)¹ is writing to commend your recent comments that Fair Isaac, which has a clear monopoly position in the U.S. mortgage market for credit scores, has been raising prices excessively. As you know already, in a normal product marketplace, prices are set not by any individuals, but rather among an uncountable number of buyers and sellers. In the case of mortgage credit scores, the only individuals who have a vote today on the current price of this product are those sitting in the executive suite at Fair Isaac. They, and they alone, set the price based on whatever number appeals to them. No one else has a say.

Because the US government, and specifically FHFA and Fannie Mae and Freddie, not only require a credit score for mortgage production, but also cite Fair Isaac *by name in the relevant guidelines*, Fair Isaac has been able to increase mortgage credit scores prices by 700% in the last 30 months and not lose one iota of market share. This harms American families already dealing with price inflation generally and difficult housing conditions in particular. Without some form of restraint, we expect even more credit score price hikes going forward. Something must change.

CHLA asks that you continue your leadership role here by calling for the cessation of any further credit score price hikes and convening an FHFA Task Force to (1) undertake a review of these recent cost hikes; (2) find ways to hasten the arrival of a viable VantageScore platform for the conforming marketplace; but also (3) explore additional reforms to bring in even more competitors here to protect against the potential for duopolistic pricing that could also harm consumers in the future. We believe that by convening many interested parties here, you will identify key actions that will limit price jumps while also protecting the safety of both primary and secondary mortgage markets.

We also recommend that the current guidelines of both Fannie Mae and Freddie Mac be changed to call for credit scores (generically) as a requirement, but not to cite "Fair Isaac" by name as is the case today. Naming one company explicitly sends the wrong signal to the marketplace and inhibits creative thinking on how to innovate here to keep costs lower. And as a general matter, FHFA needs to mandate that the historical data be released and be allowed to compare with the other scores (FICO/10T/Vantage, and any other models approved in the future).

¹ CHLA is the only national trade association focused exclusively on small and mid-sized independent mortgage banks (IMBs).

In November 2022, CHLA wrote a Letter to FHFA and FHA, arguing that since these entities require credit scores on their loans, it would be appropriate to consider some form of utility pricing policy over FICO credit scores, so long as they continue to function as an outright monopoly. While some form of utility is worth considering, a better long-term outcome is a more robust mix of suppliers here that form a natural, market-oriented solution to this currently vexing problem.

For example, we recommend the GSEs be directed to use their massive data and analytics to each establish their own business subsidiaries to evaluate the creditworthiness of borrowers; such companies, once established and proven to be reliable, could then be sold off by each GSE into the open market to ensure these de novo companies serve as independent umpires that also provide more competition generally. In this manner, under your leadership the GSEs can make markets works better for consumers but also get an additional return on the GSE assets.

In conclusion, we again commend your recent comments here and look forward to working with you and your team to ensure that mortgages are priced appropriately to help more American families obtain and remain in their homes.

Thank you for consideration of these comments and recommendations.

Sincerely

COMMUNITY HOME LENDERS OF AMERICA