



May 22, 2025

William J. Pulte  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street  
Washington, DC 20024

Dear Director Pulte,

On behalf of all current and future American homeowners, Consumer Action for a Strong Economy (CASE) congratulates you on being named Director of the Federal Housing Finance Agency (FHFA).

It has been abundantly clear for some time that the past administration at FHFA abandoned their core purpose of ensuring stability and liquidity in the mortgage industry, leaving the agency in dire need of a new direction and new leadership.

As Director of the federal agency tasked with primary authority and oversight of our nation's mortgage industry, we are certain that you are laser-focused on promoting policies within the agency's mandate that will help ease us from the worst housing crunch in over 40 years, as well as eliminate directives and agency operations that are a distraction from this purpose. Your swift action upon taking the reins of FHFA to eliminate costly, redundant, and generally obtrusive agency orders and directives is extremely encouraging. We look forward to your ongoing efforts to identify and eliminate agency actions and practices that do not advance FHFA's mission of promoting safety, security, and overall vitality to home lending.

One significant challenge facing President Trump's Administration remains the confluence of federal agencies bogging down U.S. housing with a thicket of arbitrary and redundant regulations that now conspire to increase the difficulty of reviving a stagnant housing market. While rules and regulations produced from agencies such as the CFPB, FDIC, and Federal Reserve are beyond your purview, one enormously chaotic directive enacted by your Biden appointed predecessor is subject to your discretion, and it is our hope you share our belief it must head to the chopping block and be eliminated for good.

As you know, in October of 2022 FHFA announced the requirement of two credit scores for Fannie and Freddie backed mortgages, and moving from a "tri-merge" to a "bi-merge" credit report bundle -- an

absolutely classic case of the Biden Administration stepping in to “fix” something that was not only not broken but actually working exactly as it should.

Our first concern is cost. A two-score or multi-score system necessitates that our entire lending industry be forced to retool their operations top-to-bottom, from software, to compliance protocols, to staff training, and organizational structure – all of it. These industry costs could surpass \$600 million according to some analysts, costs that will ultimately fall on prospective mortgage applicants. At a time when millions of aspiring homebuyers are frozen out of the market due to extraordinarily high housing prices and challenging interest rates, the very last thing FHFA should be doing is forcing consumers to shoulder even higher costs that will reduce buyer equity or put homeownership further out of reach.

It is also troublesome that the new score to be included, VantageScore 4.0, is entirely owned, managed, and operated by the big three credit reporting bureaus; Experian, TransUnion, and Equifax, This does not represent real competition and is in fact a shameless attempt at vertical integration and limiting competition.

Supporters of the two-score system claim it is needed for “competition,” but the reality is it erases competition and doubles costs in what appears to be a political gift to the lesser of two scores. True private market competition occurs when credit risk takers – those putting their capital at risk to support the extension of mortgage credit, be they private label security investors, CRT investors, mortgage insurers, the GSEs, or government guarantors are provided the data to evaluate which score is the most predictive and reliable for the evaluation of applicant credit risks.

Choosing the most predictive score is the best way to serve the interests of safety and soundness, and taxpayer protection. It also is the most beneficial from the standpoint of credit cost and availability as it increases the confidence by which makers, regulators, and private industry look to your office to ascertain whether credit risk takers, including the GSEs and other market participants, have the data required to properly make this evaluation. The first step in this process is to ensure that any scoring model so utilized is rigorously tested for performance consistency and predictability to properly incentivize lenders and investors in the home lending market.

Sound risk assessment and predictability are paramount to FHFA’s mission to hold America’s lending industry accountable for current and future stability, and that can only be accomplished through the use of the very best scoring model for risk assessment and predictability. Consumer organizations such as mine are not partial to any particular scoring model, only to assurances that the model relied upon has been rigorously tested and proven itself as the most reliable and accurate in its predictive capabilities.

FHFA under the Biden Administration failed to explain how adding a second, less reliable scoring model to lending helps consumers, lenders, or our overall housing industry. This is why a wide range of stakeholders have raised concerns with the decision made by your predecessor to move to a dual-score system without an explanation of the alleged benefits, or demonstrating the utility of such a system by releasing the data and analysis by which market participants could make an independent

judgement. We thus echo the call by others that FHFA should release the analysis and data necessary to inform these judgements so that credit risk-takers can make a fully informed evaluation of which score delivers the most value in terms of predictive reliability to the mortgage market.

It is inarguable that FHFA's decision to mandate the use of two scores will prove to be costly, confusing, and chaotic. Lending institutions are still scrambling for answers on exactly how the two scores are to be applied or reconciled, and the Biden FHFA did consumers and lenders no favors by abandoning the single-score system which has not only proven itself year after year, but kept mortgage lending on solid ground by providing lenders with the data they need to make lending decisions with confidence.

In closing, we'd like to point out that a vibrant and thriving housing market requires a healthy mixture of financially qualified buyers, properly incentivized sellers, and sufficient inventory of available homes across the price spectrum. And each of these requirements, in turn, is affected by its own set of factors that we know are vigilantly tracked and monitored by FHFA to guide the formulation of policies and practices that will ensure a secure, stable, and thriving home mortgage industry.

We have enormous faith that as Director, you will return FHFA back to this core mission of safety and stability in home lending at the expense of unnecessary, feckless, and risky agency directives that help neither consumers nor lenders. This includes eliminating the consideration of a nonsensical two-score mortgage application process that would serve only to pile additional costs into the lending process while breeding confusion, complexity, and the chaos of competing data sets.

We thank you for your time and attention to this matter, and look forward to joining you in promoting policies to help make the dream of home ownership a reality for millions of future homebuyers.

Sincerely,



Gerard Scimeca  
Chairman, CASE

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