

VANTAGESCORE®

Barrett Burns, President & CEO

December 3, 2012

Federal Housing Finance Agency
Office of Strategic Initiatives
400 7th 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:

VantageScore Solutions LLC (“VantageScore”)¹ thanks the Federal Housing Finance Agency (“FHFA”) for the opportunity to comment on the white paper entitled *Building a New Infrastructure for the Secondary Mortgage Market*, which describes a proposed framework for both a new securitization platform and a model Pooling and Servicing Agreement as set forth in the *Strategic Plan for Enterprise Conservatorships* (Strategic Plan) published by the Federal Housing Finance Agency (FHFA) last February. The broader the base of public input you receive as you lay the foundation for building a new infrastructure for the secondary mortgage market, the greater the likelihood that the voices of all affected stakeholders will be heard.

VantageScore is the developer of a credit scoring model currently used to make credit decisions by numerous lenders within their production systems, including four of the top five mortgage lenders. As such, we will limit our comment to the area in which we have unique expertise: credit scores.

As you point out in the opening sentence of your white paper *Building a New Infrastructure for the Secondary Mortgage Market*:

The purpose of this white paper is to describe a proposed framework for both a new securitization platform and a model Pooling and Servicing Agreement as set forth in the

¹ VantageScore Solutions was formed in 2006 and is an independently managed LLC whose members are the three national credit reporting companies (CRCs), Equifax, Experian and TransUnion. The Company was formed to offer choice and competition in the credit score marketplace by providing a highly predictive credit score based on the latest analytic methodologies. VantageScore Solutions’ model is unique. The same VantageScore® model is used across the three CRCs and a new modeling approach is used that looks differently and more deeply into consumer behaviors allowing the VantageScore model to score many individuals who otherwise would not be able to obtain a credit score.

VANTAGESCORE®

December 3, 2012

Page 2

February 2012 *Strategic Plan for Enterprise Conservatorships* (Strategic Plan) published by the Federal Housing Finance Agency (FHFA).

The Strategic Plan identifies three key goals that FHFA, Fannie Mae and Freddie Mac have focused on since Fannie Mae and Freddie Mac were placed into conservatorship four years ago. One of those key goals is to ensure that “families have access to mortgages to buy a home or refinance an existing mortgage.” We believe that one factor that can demonstrably ensure that greater numbers of families have such access to purchase or refinance a home is to build a securitization platform that neither requires nor encourages use of any single proprietary brand of credit score, but rather accommodates the use of any number of validated credit score brands. In addition, avoiding the use of brand names in the design of the new securitization platform is essential in order to avoid any suggestion that the government is endorsing or requiring the use of a particular vendor’s product in a competitive marketplace.

Seeking a fresh perspective on risk, pricing and transparency, many of the world’s largest asset managers use VantageScore in their risk and pricing models as they perform loan level data analysis of previously issued private label mortgage backed securities (“MBS”). VantageScore has the largest market share in this valuation process. Additionally, Standard & Poor’s and Fitch Ratings have both incorporated VantageScore into their private label MBS ratings models. As noted in your white paper: “Under previous FHFA guidance, the Enterprises are transitioning their single-family loan delivery data formats to a ULDD that leverages the industry-recognized MISMO Version 3.0 standard.”² In fact, VantageScore is already embedded into MISMO 3.0.³

Accordingly, we strongly recommend that any new securitization platform and model Pooling and Servicing Agreement(s) neither requires nor encourages use of any single proprietary brand of credit score, but rather accommodates the use of any number of validated credit score brands.

Thank you for considering our thoughts as you move forward with the development of both a new securitization platform and model Pooling and Servicing Agreement.

If you or others working on this initiative have any questions or would like additional information please don’t hesitate to contact me. I am reachable at (203) 363-2161 or by email at BarrettBurns@vantagescore.com.

Sincerely,



President & CEO

² *Building a New Infrastructure for the Secondary Mortgage Market* at page 24.

³ VantageScore is also embedded in the industry platform standards, the American Securitization Forum’s Project RESTART and the software major vendors provide so lenders’ systems are able to communicate with the credit bureaus’ systems.