

BLAINE LUETKEMEYER

MEMBER OF CONGRESS
3RD DISTRICT, MISSOURI

www.luetkemeyer.house.gov
www.facebook.com/BlaineLuetkemeyer
www.twitter.com/RepBlaine
www.instagram.com/RepBlaine

Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEE ON
FINANCIAL SERVICES
NATIONAL SECURITY, ILLICIT
FINANCE, AND INTERNATIONAL
FINANCIAL INSTITUTIONS
CHAIRMAN

FINANCIAL INSTITUTIONS AND
MONETARY POLICY

HOUSING AND INSURANCE

COMMITTEE ON
SMALL BUSINESS
VICE CHAIRMAN

ECONOMIC GROWTH, TAX, AND
CAPITAL ACCESS

RURAL DEVELOPMENT, ENERGY,
AND SUPPLY CHAIN

SELECT COMMITTEE
ON THE STRATEGIC
COMPETITION BETWEEN
THE U.S. AND THE
CHINESE COMMUNIST
PARTY

The Honorable Sandra Thompson
Director
Federal Housing Finance Agency
Constitution Center 400 7th Street NW
Washington, DC 20219

Dear Director Thompson:

As the Director of the Federal Housing Finance Agency (FHFA), I am sure you are aware that the mission of the FHFA is to “ensure the regulated entities fulfill their mission by operating in a safe and sound manner.”¹ Since 2008 FHFA has served as the conservator of both Fannie Mae and Freddie Mac. Therefore, it is your responsibility to promote policies to preserve the enterprises’ ability to serve as a reliable source of liquidity and funding for the housing finance system.

Given this clear mission, I am dismayed by your recent comments to move “full steam ahead”² with FHFA’s push to implement the change from a tri-merge credit report requirement for Government Sponsored Enterprise (GSE) mortgages to a bi-merge requirement, particularly at a time when consumer debt is at historically high levels. In fact, consumer debt is higher than it was in 2008, at \$17.08 trillion as of August 2023, with mortgage debt accounting for \$12.37 trillion, or 72.4% of overall consumer debt.³ Clear evidence has shown that this proposed change to a bi-merge credit report will add risk to the housing ecosystem.

As you are aware, there has been a longstanding requirement that lenders provide credit reports from the three nationwide credit reporting agencies. Tri-merge reports provide the clearest and most comprehensive picture of a consumer’s credit history and inform lenders of the most accurate picture of a consumer’s potential risk. It is worth noting that data across the three nationwide bureaus (Experian, TransUnion, and Equifax) can be meaningfully different. Reporting of both inquiries and tradelines differ depending on the bureau. Most non-mortgage inquiries reside with only one bureau. Tradelines can often take up to six months to be reported to all three bureaus and some lenders choose to report to only one bureau.

¹ <https://www.fhfa.gov/AboutUs>

² <https://www.fhfa.gov/Media/PublicAffairs/Pages/Prepared-Remarks-of-Sandra-L-Thompson-Director-FHFA-at-the-2023-MBA-Annual-Convention.aspx>

³ <https://www.equifax.com/resource/-/asset/consumer-report/monthly-us-national-consumer-credit-trends-report-september-2023-portfolio>.

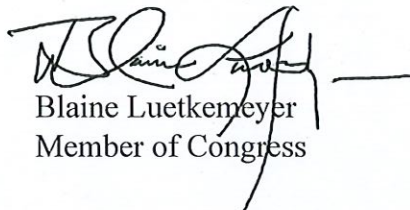
Recently, S&P Global completed a study on the proposed transition to a bi-merge with a headline claiming that the transition would create very little variation to the average credit report. However, a more detailed analysis of the S&P study proved that this proposal will affect millions of consumers. An estimated 1.78 million consumers, who were previously ineligible for a mortgage under a tri-merge report, risk obtaining a mortgage they cannot afford, adding unnecessary exposure to the GSE's balance sheet.⁴ While we all share the goal of expanding homeownership opportunities, saddling consumers with debt they cannot afford could lead to millions of foreclosures, leading to economic ruin for countless Americans.

Since the FHFA's announcement last October the agency has not released any evidence or data showing that bi-merge "is expected to reduce costs and encourage innovation, without introducing additional risk to the Enterprises."⁵ Does this cost-benefit analysis actually exist, and if so, will you commit to sharing this data with Congress and the general public?

While the FHFA's announcement to move implementation of the bi-merge requirement to a "later" date and the announcement of additional opportunities for public engagement on this change did represent a step in the right direction, your recent comments make me doubt your willingness to consider opposing data and viewpoints.

The lack of evidence and data in support of bi-merge warrants a complete reversal of this policy. The FHFA must adhere to its stated mission, reverse its position, and maintain the tri-merge credit reporting requirement. I look forward to a prompt written response.

Sincerely,



Blaine Luetkemeyer
Member of Congress

⁴ <https://www.nationalmortgagenews.com/news/transunion-raises-new-questions-about-fhfas-credit-report-plan>

⁵ Fed. Hous. Fin. Agency, Fact Sheet: FHFA Announcement On Credit Score Models (Oct. 24, 2022), available at <https://www.fhfa.gov/Media/PublicAffairs/Documents/CS-Fact-Sheet-2022.pdf>.