



February 25, 2019

The Honorable Maxine Waters, Chairwoman  
Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Patrick McHenry, Ranking Member  
Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the members of the National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC), we applaud the Committee for calling tomorrow's hearing, "Who's Keeping Score? Holding Credit Bureaus Accountable and Repairing a Broken System." As an industry that relies heavily on accurate consumer and credit reporting, we appreciate the Committee's willingness to explore these critical issues.

The apartment housing industry has long advocated for improvement in the current credit reporting regime for renters. Historically, credit reporting agencies have not captured a complete picture of their financial performance. Existing credit scoring models that drive approvals, interest rates and other terms of apartment leases, car loans, insurance products, home mortgages and other financial products often do not accurately reflect the creditworthiness of renters. Apartment living attracts a wide variety of Americans making it critical that credit reports and scoring models are modernized to prevent renters from being put at a financial disadvantage.

The good news is that more credit reporting agencies and central data aggregators are collecting alternative data such as rental payments, medical payments, utility payments and other payment records. Unfortunately, the most widely used credit scoring model - FICO Classic - does not incorporate this additionally reported data. Credit scoring models are evolving to include this new data as well as to update their existing algorithms for evaluating credit decisions. We applaud this movement.

Any reforms in the credit reporting system should not unduly limit the information available to apartment housing providers to make educated evaluations of the creditworthiness of applicants. While we strongly support the Committee's efforts to ensure transparency and accuracy in credit reporting, we must raise caution around language included in the "Comprehensive Consumer Credit Reporting Reform Act of 2019" which shortens the time most adverse credit information stays on consumer reports. Limiting such reportable data forces housing providers to increasingly rely on credit scores to make decisions which, while important, can be a blunt instrument that does not provide a detailed picture of an individual's credit history. In short, over reliance on credit scores alone may inadvertently harm the very individuals this legislation intends to help.



There has been a fundamental transformation in our nation's housing dynamics as changing demographics and lifestyle preferences have driven more people away from the typical suburban house and towards the convenience of renting. It is more important than ever to ensure that policymakers move carefully with reform efforts and promote credit scoring models that incorporate the most complete financial picture of renters.

Thank you for holding this important hearing and for the opportunity to present the views of the apartment housing industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Pinnegar', with a long horizontal line extending to the right.

Robert Pinnegar, CAE  
President & CEO  
National Apartment Association

A handwritten signature in black ink, appearing to read 'Douglas M. Bibby', written in a cursive style.

Douglas M. Bibby  
President  
National Multifamily Housing Council