MORTGAGE BANKERS ASSOCIATION

December 21, 2023

Ashwin Vasan
Associate Director and Senior Advisor to the Director
Office of Research, Monitoring, and Regulations
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 208552

Re: Transparency About Credit Report Pricing Increases

Dear Associate Director Vasan:

The Mortgage Bankers Association (MBA)[1] is writing to the Consumer Financial Protection Bureau's (Bureau or CFPB) Office of Research, Monitoring, and Regulations in light of public reports about the recent increased costs of the tri-merge credit reports and other credit reporting products, some of which are required to originate a loan for sale to the GSEs and for government-insured loans. As you know, these loans comprise the vast majority of loans originated in this country and, in a time of rising housing unaffordability, the aforementioned media reports[2] reference price increases for the required 'tri-merge' credit report that will potentially range from 25% to more than 400% beginning in 2024. Given these concerning reports of dramatic fee hikes, MBA believes that greater transparency is needed to understand these sudden increases. We believe the Bureau — and in particular, the Office of Research, Monitoring and Regulations — is able to help facilitate and provide more transparency and clarity behind these surging costs.

---

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 300,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,200 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

[2] *See* Nunes, Credit Reports Will Be More Expensive for Mortgage Lenders in 2024, HousingWire (Dec. 1, 2023), available at https://www.housingwire.com/articles/credit-reports-will-be-more-expensive-for-mortgage-lenders-in-2024/.

While the need for a credit report is an investor and guarantor requirement, this increase will inevitably be passed directly on to borrowers through increased origination costs that only exacerbate the current housing affordability challenges, thereby harming the public.

Lenders and consumers would benefit from understanding the factors that are driving these pricing changes as the chain of data providers, the packaging of reports, and then subsequent resale can be opaque and difficult to understand. There is little to no rationale and data from the credit score providers, credit bureaus, and credit report resellers on how these costs are allocated or why the prices have so dramatically increased.[3] The CFPB has used its research and market monitoring capacity in many different contexts in the past to provide useful information and report on different market segments. We urge the Bureau's Office of Research, Monitoring, and Regulations to examine the drivers of these cost increases to help ensure transparency and help borrowers, lenders and policy makers better understand the factors driving these higher costs and identify ways to improve competition and outcomes for consumers.

Sincerely,

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association

[3] As private service providers, those in the credit report chain are free to set the prices for their services. Our request for transparency is due to confusion that stems from the inability of our members and others to understand how such dramatic increases are determined, the motivating factors behind them and the party raising its fees most significantly. The lack of this information makes it difficult for our members to determine how the market functions and to possibly ameliorate the increased pass-through costs to borrowers.