

From: Wayne Lancaster
Sent: Monday, July 05, 2004 2:59 PM
To: FACTAscoringstudy
Subject: credit scoring

Mr. Secretary,

I have been a Mortgage Loan Officer for 20 years and watched "credit scoring" come on the lender scene over the past 6-7 years.

My biggest concern is the unfairness of the Fair Isaac system to correct misinformation in a timely matter. Unless the consumer pays \$50 per account to get correct expeditiously, it takes months for Fair Isaac to improve the scores. If someone pays off a credit card balance and takes out another card at a lower rate, the consumer can be impacted by having their credit score lowered by 70-100 points. This does not have anything to do with how they paid credit, but is a calculation by Fair Isaac that is not justifiable.

It is not unusual for a customer buying a new home to have their credit scores drop by 70-100 points because of transactions that have nothing to do with credit past performance. In some instances, they can no longer qualify for the loan 4-6 months after an initial application where credit scores were obtained.

Credit scoring is one of the few examples of a financial procedure that can not be adequately explained to the consumer by the lending industry. Loans are denied and rates are set based on the consumers score that can not be adequately justified. A consumer can have a Bankruptcy in the past 2-3 years and have higher credit scores than someone that held on and took care of their obligations; but had late payments 2-3 years ago. This is not fair.

One of the biggest concerns is that it takes "human logic" out of the equation. There is no one to explain past credit issues to and to point out the reasons for past credit problems and how they are now solved. Loan programs can preclude a borrower by ONE digit of obtaining a loan type. It can also increase rates because of benchmarks set for credit scores that vary slightly.

In conclusion, I think credit scoring should be revised to take in consideration when credit problems have been corrected. Consumers should not be punished for long periods of time based on the past. Credit scoring does not even look at income or job status when credit issues occurred vs the consumers current situation. This tends to hurt minorities for long periods of time, and others who have gone through divorce, job loss, health issues, etc.

Respectfully,

Wayne Lancaster

Sr. Loan Officer