

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 123
OFFERED BY MR. GREEN OF TEXAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Alternative Data for
3 Additional Credit FHA Pilot Program Reauthorization
4 Act”.

5 SEC. 2. PILOT PROGRAM FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.

7 Section 258 of the National Housing Act (12 U.S.C.
8 1715z-24) is amended—

9 (1) in subsection (a)—

10 (A) by striking “carry out” and inserting
11 “establish and carry out”;

12 (B) by striking “establish, and”;

13 (C) by inserting “who elect to participate
14 in the pilot program” before the second comma;

15 (D) by striking “mortgagors and”;

16 (E) by inserting after “their creditworthi-
17 ness” the following: “and have opted into the
18 use of additional credit information”; and

1 (F) by striking “alternative” each place
2 such term appears and inserting “additional”;

3 (2) in subsection (b), by adding after the period
4 at the end the following: “The pilot program may
5 not be carried out with respect to any mortgagor or
6 prospective mortgagor under a mortgage the pro-
7 ceeds of which are used to prepay or pay off an ex-
8 isting loan secured by the same property.”;

9 (3) by striking subsection (c);

10 (4) by redesignating subsections (b) (as amend-
11 ed by paragraph (2) of this subsection) and (d) as
12 subsections (c) and (k), respectively;

13 (5) by inserting after subsection (a) the fol-
14 lowing new subsection:

15 “(b) GOAL.—The goal of the pilot program under
16 this section shall be to examine and evaluate the benefits
17 of using such a credit scoring model that uses additional
18 data.”;

19 (6) by inserting after subsection (c) (as so re-
20 designated by paragraph (4) of this subsection) the
21 following:

22 “(d) ADDITIONAL CREDIT INFORMATION.—The Sec-
23 retary shall, after consultation with the Government Na-
24 tional Mortgage Association and not later than one year
25 after the date of the enactment of this subsection, select

1 one or more commercially available credit scoring models
2 that will be available under the pilot and that utilize addi-
3 tional data, as the Secretary considers appropriate based
4 on the goals of the pilot program. In selecting the model
5 or models to use, the Secretary shall consider the criteria
6 under part 1254 of the regulations of the Director of the
7 Federal Housing Finance Agency (12 C.F.R. Part 1254)
8 to the extent appropriate.

9 “(e) NOTIFICATION.—

10 “(1) NOTICE OF OPTIONS.—The Secretary shall
11 develop a notice for prospective mortgagors, and re-
12 quire mortgagees to provide such notice to prospec-
13 tive mortgagors, that informs prospective mortga-
14 gors of—

15 “(A) the ability to opt into the use of the
16 credit scoring model selected for use under the
17 pilot program;

18 “(B) information on how the pilot program
19 credit scoring model differs from the FHA’s
20 current credit scoring models, including the
21 types of additional data that are included in the
22 pilot program model; and

23 “(C) housing counseling agencies in the
24 area that are approved by the Department of
25 Housing and Urban Development.

1 “(2) COMPARISON OF LENDING OPTIONS.—The
2 Secretary shall require mortgagees participating in
3 the pilot program to provide information to prospec-
4 tive mortgagors sufficient to allow comparison of the
5 mortgagor’s lending options using the credit scoring
6 model under the pilot program and using the credit
7 scoring model then in effect for mortgagors not opt-
8 ing into the use of the credit scoring model under
9 the pilot program.

10 “(f) UNDERWRITING OPTIONS.—This section may
11 not be construed to preclude a prospective mortgagor who
12 opts to use an approved credit scoring model under the
13 pilot program under this subsection in connection with un-
14 derwriting for a mortgage insured under this title from
15 thereafter obtaining a determination of creditworthiness
16 involved in underwriting for such mortgage using informa-
17 tion other than that provided under such approved credit
18 scoring model.

19 “(g) PROTECTION OF PROPRIETARY INFORMA-
20 TION.—This section may not be construed to require the
21 disclosure or sharing of any proprietary information.

22 “(h) REPORTING.—

23 “(1) IN GENERAL.—The Secretary shall submit
24 reports to the Congress in accordance with para-
25 graph (2) that provide a detailed evaluation of the

1 effectiveness of the pilot, including data that
2 shows—

3 “(A) the number of mortgagors who had
4 the option to opt into using additional credit in-
5 formation and the number of mortgagors who
6 opted into using additional credit information;

7 “(B) the total number and percent of
8 mortgagors who opted into the pilot and were
9 subsequently approved for a mortgage;

10 “(C) demographic information about mort-
11 gators who opt into using additional credit in-
12 formation, compared to demographic informa-
13 tion about mortgagors generally, which shall in-
14 clude race, ethnicity, marital status, sex or gen-
15 der, geographic location regarding mortgaged
16 properties, and any other information the Sec-
17 retary deems appropriate;

18 “(D) whether or not mortgagors with no or
19 thin credit files benefitted from having this op-
20 tion and how;

21 “(E) whether or not other borrowers who
22 did not have thin or no credit files benefitted
23 from this option and how;

1 “(F) the effectiveness of the additional
2 credit information in predicting mortgage loan
3 default;

4 “(G) the rate of participation of mortga-
5 gees in the pilot program; and

6 “(H) any other information the Secretary
7 determines relevant.

8 “(2) SUBMISSION.—The Secretary shall submit
9 a report described in paragraph (1)—

10 “(A) not later than 6 months after the
11 conclusion of the 2-year period beginning on the
12 date on which the Secretary begins accepting
13 the additional credit scores through the pilot
14 program established by the Secretary pursuant
15 to this section; and

16 “(B) not later than 1 year after the con-
17 clusion of the 5-year period beginning on the
18 date of the enactment of the Alternative Data
19 for Additional Credit FHA Pilot Program Re-
20 authorization Act.

21 “(3) REPORT ON SELECTION OF ADDITIONAL
22 CREDIT MODEL.—Not later than the conclusion of
23 the 6-month period that begins upon the conclusion
24 of the one-year period under subsection (d), the Sec-
25 retary shall submit to the Congress a report explain-

1 ing why the additional credit scoring model or mod-
2 els selected pursuant to subsection (d) were selected
3 in lieu of other commercially available credit scoring
4 models.

5 “(4) PUBLIC AVAILABILITY OF INFORMATION.—
6 The Secretary shall make publicly available in an
7 easily accessible location on the website of the De-
8 partment—

9 “(A) each report submitted to the Con-
10 gress pursuant to this subsection; and

11 “(B) information about the pilot program,
12 which shall include an up-to-date listing of
13 mortgagees participating in the pilot program.

14 “(i) AUTHORITY TO LIMIT PARTICIPATION.—The
15 Secretary may establish a limitation to cap participation
16 in the pilot program under this section.

17 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated—

19 “(1) \$3,000,000 for fiscal year 2020 for estab-
20 lishing and carrying out the pilot program under
21 this section; and

22 “(2) \$1,500,000 for each of fiscal years 2021
23 through 2024 for carrying out the pilot program
24 under this section.”; and

1 (7) in subsection (k), as so redesignated by
2 paragraph (4), by striking “5-year period beginning
3 on the date of the enactment of the Building Amer-
4 ican Homeownership Act of 2008” and inserting “5-
5 year period beginning on the date of the enactment
6 of the Alternative Data for Additional Credit FHA
7 Pilot Program Reauthorization Act”.

