

{as prepared for delivery}

**Remarks by
Thomas C. Dorr
Under Secretary for Rural Development
FHA Total Mortgage Scorecard: A Discussion of
Inter-Agency Cooperation With FHA
Commissioner Dr. John Weicher
9:30 a.m. – 9:50 a.m.
Monday, June 16, 2003**

- **I take particular delight in introducing and acknowledging John Weicher. John is the Commissioner of the Federal Housing Administration and he has agreed to join us for a brief discussion of FHA's automated underwriting scorecard.**
- **I first met Dr. Weicher at the MBA conference in Chicago last October. We participated together on a panel discussion reviewing our individual housing programs.**

- **The first thing he did when we arrived at the dais was to introduce himself to me and then to pull me and Keith Pedigo of VA – also on the panel – aside and stated that we need to get together when we get back to Washington. Our collective programs will play a big role in helping to attain the President’s goal of increasing minority homeownership over the next decade. We should work together to make sure this happens. He opened the door to cooperation and collaboration and let me tell you I walked right in.**
- **His experience in public housing programs and the policy surrounding them – along with his willingness to share his wisdom and provide counsel is an outstanding example of public service.**
- **Dr. Weicher that means much to us at Rural Development and to me particularly – as we work to improve efficiency and quality of our housing programs.**

- **The Technology Open To All Lenders or TOTAL scorecard has become a critical element in Rural Development’s effort to develop an automated system for underwriting our single-family guaranteed housing loans, and we appreciate the cooperation and support Dr. Weicher and his staff has provided Rural Development in this effort.**

- **Rural Development will be utilizing the TOTAL scorecard as we develop our automated underwriting system for use by private sector lenders participating in the Single Family Housing Guaranteed Loan Program. Without John and FHA’s assistance this would have taken longer, been more difficult and more expansive.**

- **Through this automated underwriting system, private sector lenders will save a great deal of time and money and as a result achieve greater efficiencies.**
 - 1) **Lenders will be able to make have much faster loan decisions,**

 - 2) **They experiencing fewer requirements of documentation for qualified borrowers,**

- 3) It will increase the efficiency of our field staff,**
- 4) There will be greater consistency in the loan decision process,**
- 5) The system will also result in better quality loans, lower delinquencies, and**
- 6) Fulfill requirements of the Government Paperwork Elimination Act and Freedom to E-File Act.**

- Essentially TOTAL scorecard incorporates variables predictive of borrower behavior. It is the credit and financial “brain” that evaluates statistical factors associated with default behavior. By applying statistical models it will evaluate and assign a risk ranking score based on borrower’s credit history, debt to income ratios, and other criteria.**
- Ultimately it should assist us in identifying educational needs necessary to foster enhanced success in homeownership.**

- **Through utilization of this automated system provided by FHA, Rural Development, and ultimately the American taxpayer, will avoid the added expense of having to build a Rural Development specific scorecard or the need to purchase and modify a commercial scorecard.**
- **I particularly appreciate the discussions that Dr. Weicher and I have had on ways to share resources, and I want to thank him and his staff for helping us modify the statistical analysis element of their scorecard that will allow greater applicability to Rural Development's guaranteed housing program.**
- **We appreciate Dr. Weicher's commitment to allow Rural Development to conduct its scorecard data analysis through FHA's existing contractor support network, who have the hands-on experience and expertise in FHA's TOTAL scorecard.**

- **The utilization of TOTAL provides more than simply an automation software program. It represents a level of cooperation that we hope will serve as a model for how government agencies can share resources to improve efficiency, timeliness, and cost savings to the American public.**
- **Again, Dr. Weicher Rural Development is very appreciative of the fact that you, your staff, and FHA has been willing to share these critical resources.**
- **I have asked Dr. Weicher to share with you how the automated underwriting system has been of benefit to FHA, and its potential to be a great benefit to USDA Rural Development.**
- **Dr. Weicher.**