Missing Credit: How the U.S. Credit System Restricts Access to Consumers of Color

Testimony of

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Who's Keeping Score? Holding Credit Bureaus Accountable and Repairing a Broken System

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Introduction

The National Fair Housing Alliance is the nation's only national civil rights organization dedicated to eliminating all forms of housing discrimination and ensuring equal housing opportunity through leadership, education, outreach, membership services, public policy initiatives, community development, advocacy, and enforcement. NFHA is a trade association comprised of over 200 members located throughout the United States.

NFHA has worked to address how the U.S. credit system restricts access to consumers of color since our inception 30 years ago. This work includes efforts to reduce discrimination in the extension of credit, expand credit opportunities for under-served groups and improve the financial services market. Our work with industry partners and our network of community- and state-based organizations gives us unique insights into how credit markets function and impact under-served consumers and markets. NFHA works with credit modelling organizations to help lessen the discriminatory impact of scoring systems. We engage with segments of the housing industry who create or utilize algorithmic-based systems to improve their utility for under-served groups. We also provide training and technical assistance to our members who work directly with consumers to advance their fair housing rights, build their credit, counsel them on the homebuying process, and educate them on accessing credit.

Expanding access to quality, sustainable credit comprises much of NFHA's work since this issue has profound implications for communities of color and other classes protected by our nation's anti-discrimination laws and because the use of consumer credit data has spread precipitously. Businesses use credit data for decisioning in employment, housing, lending, insurance, medical, utility and other areas. The information captured by the credit repositories is being used for more than determining whether a person can obtain a loan or how much a consumer will be charged for a credit card. This information is also being used to determine whether a consumer can receive insurance, obtain a job, rent an apartment, or secure utility services.

While credit repositories capture all types of data from myriad sources, they do not capture information that explains the impact of discrimination and racial inequities that are replete throughout our markets and society. Moreover, repositories adopt policies that favor the provider of the credit data over the consumer, even when the entity has engaged in discriminatory or fraudulent conduct. This makes it difficult for people to illustrate why a negative entry on their credit report may be erroneous. Further, repositories do not collect alternative or non-traditional credit information that can result in expanded access to quality, sustainable credit for under-served groups.

The U.S. Dual Credit Market

Historical and current discrimination created and perpetuates the U.S. dual financial market and drives the racial wealth gap tainting the data housed in credit repository systems. Housing policies established from the inception of this nation were expressly designed to assist whites in gaining land and homeownership rights while simultaneously denying people of color the same opportunities. During the colonization of America, headrights were granted to White heads of households. Land was seized from Native tribes by British militias to grant 50 – 100 acres of land for each person in the household including slaves and indentured servants[1]. The headrights system morphed into the Land Grant and Homestead programs – both operating to seize land from Native tribes and provide housing opportunities primarily to Whites to the exclusion of People of Color. Those systems were followed by a bevy of homeownership programs implemented by federal agencies. Each created housing programs and policies that provided benefits for white citizens, required residential segregation, and denied benefits to People of Color.

The most common of these programs were ran by the Home Owners Loan Corporation (HOLC) and the Federal Housing Administration (FHA). These agencies, established as New Deal programs during the Great Depression, helped millions of people save their homes from foreclosure or become first time homebuyers fueling the generation of trillions of dollars of wealth for those who were able to access the programs.

The HOLC was established in 1933 to refinance people who were losing their homes during the Great Recession from unsustainable loans into stable, fully amortizing loans over an extended loan term. In order to determine which areas would be safe for government-backed lending and what rate borrowers would pay, the HOLC created a series of residential security surveys and maps. These maps are commonly referred to as "redlining" maps. While the HOLC did not create mortgage redlining, it did provide the mechanism for institutionalizing the system. The redlining surveys and maps ranked neighborhoods by security grades – Grade A – Green (Best); Grade B – Blue (Still Desirable); Grade C – Yellow (Definitely Declining); and Grade D – Red (Hazardous)[2].

One of the major considerations for determining if an area would be coded red or "hazardous" was racial composition of the neighborhood. This is an important point as many people believe that neighborhoods that were predominately communities of color were relegated to Grade D or labeled "hazardous." This is not the case. If there were any African Americans living in a community, the area was coded red. If there was a likelihood that African Americans would be moved into an area, that also

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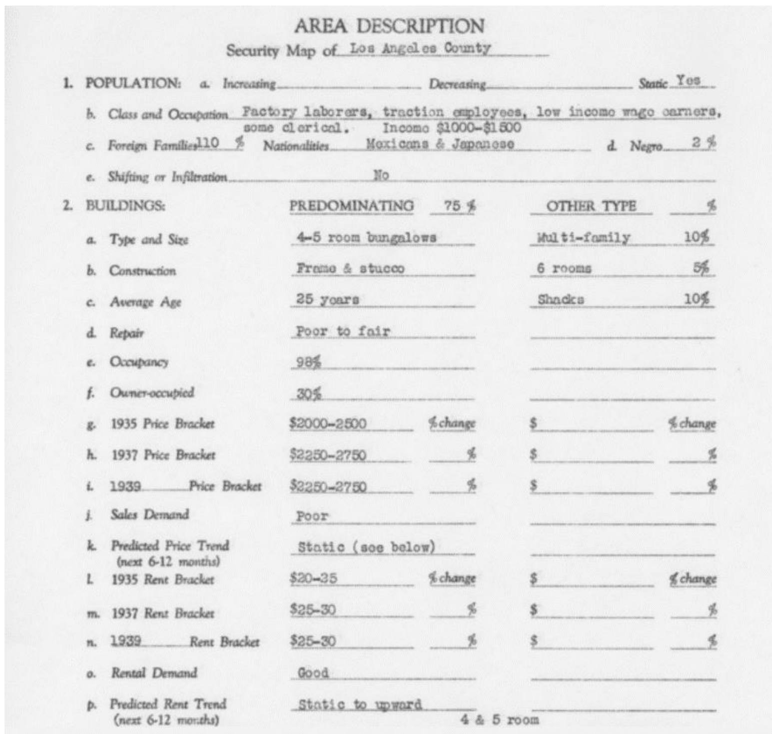
[1] Rice, Lisa. "*Long Before Redlining: Racial Disparities in Homeownership Need Intentional Policies*," ShelterForce, February 15, 2018. https://shelterforce.org/2019/02/15/long-before-redlining-racial-disparities-in-homeownership-need-intentional-policies/

[2] Nelson, Robert K., LaDale Winling, Richard Marciano, and Nathan Connolly, et al. 2016. *Mapping Inequality*. American Panorama, ed. Robert K. Nelson and Edward L. Ayers. https://dsl.richmond.edu/panorama/redlining/#loc=11/39.2930/76.6330&opacity=0.94&text=intro&city=baltimore-md

warranted a “hazardous” grade. In fact, the Residential Security Survey form had a permanent slot to indicate the number of African Americans living in an area. Moreover, if there were other racial or ethnic groups living in the area, that could also merit a “hazardous” grade. Heterogeneous communities were down-graded while predominately White homogenous areas received higher grades. Below is the Residential Security Survey for area D26 in Los Angeles, California – the sole red labeled area in a sea of green, blue, and yellow coded neighborhoods. It received its “hazardous” grade in large part due to its 2% “Negro” population and the presence of Mexican and Japanese families and because it was “highly heterogenous” and had a “presence of subversive racial influences.”



AREA DESCRIPTION

Security Map of Los Angeles County

1. POPULATION: a. Increasing ______ Decreasing ______ Static Yes

b. Class and Occupation Factory laborers, traction employees, low income wage earners, some clerical. Income $1000-$1500

c. Foreign Families 10 % Nationalities Mexicans & Japanese d. Negro 2 %

e. Shifting or Infiltration No

2. BUILDINGS:	PREDOMINATING 75 %		OTHER TYPE %	
a. Type and Size	4-5 room bungalows		Multi-family	10%
b. Construction	Frame & stucco		6 rooms	5%
c. Average Age	25 years		Shacks	10%
d. Repair	Poor to fair			
e. Occupancy	98%			
f. Owner-occupied	30%			
g. 1935 Price Bracket	$2000-2500	% change	$	% change
h. 1937 Price Bracket	$2250-2750	%	$	%
i. 1939 Price Bracket	$2250-2750	%	$	%
j. Sales Demand	Poor			
k. Predicted Price Trend (next 6-12 months)	Static (see below)			
l. 1935 Rent Bracket	$20-35	% change	$	% change
m. 1937 Rent Bracket	$25-30	%	$	%
n. 1939 Rent Bracket	$25-30	%	$	%
o. Rental Demand	Good			
p. Predicted Rent Trend (next 6-12 months)	Static to upward 4 & 5 room			

From Mapping Inequality: Redlining in New Deal America
https://dsl.richmond.edu/panorama/redlining/#loc=11/33.9254/-118.4185&opacity=0.94&city=los-angeles-ca&sort=16,308&area=D27&adimage=3/76/-120

The HOLC systemized the process for associating race with risk in our financial system. The FHA, building off of the HOLC’s racialized system of redlining communities of color, developed race-based underwriting guidelines[3] that not only promoted residential segregation but described People of Color as “incompatible racial elements” and “inharmonious racial groups”. The FHA’s first Chief Housing Economist, Homer Hoyt, encouraged the use of racially restrictive covenants - even after the Supreme Court declared their use by real estate professionals to be illegal - by giving preferential treatment to communities that adopted them[4]. From 1934 to 1962, the government backed over $120 billion in

[3]See http://wbhsi.net/~wendyplotkin/DeedsWeb/fha36.html and https://babel.hathitrust.org/cgi/pt?id=mdp.39015018409246;view=1up;seq=5

[4] Squires, Gregory D. 2018. The Fight for Fair Housing: Causes, Consequences, and Future Implications of the 1968 Federal Fair Housing Act. New York: Routledge.

mortgages but the race-based policies of the FHA meant that fewer than 2 percent of loans went to People of Color. At a time when White Americans were gaining access to homeownership and amassing wealth to fund their children's education, establish businesses, and seed inheritances, People of Color were denied this unique benefit and unable to build wealth for their families. Had the government not discriminated in the HOLC and FHA programs, and demanded that those participating in these federal programs abide by the Civil Rights Act of 1866 and the 14th Amendment, People of Color, and African Americans in particular, would have been able to make more normal strides in gaining wealth, homeownership, and other opportunities families need to thrive.

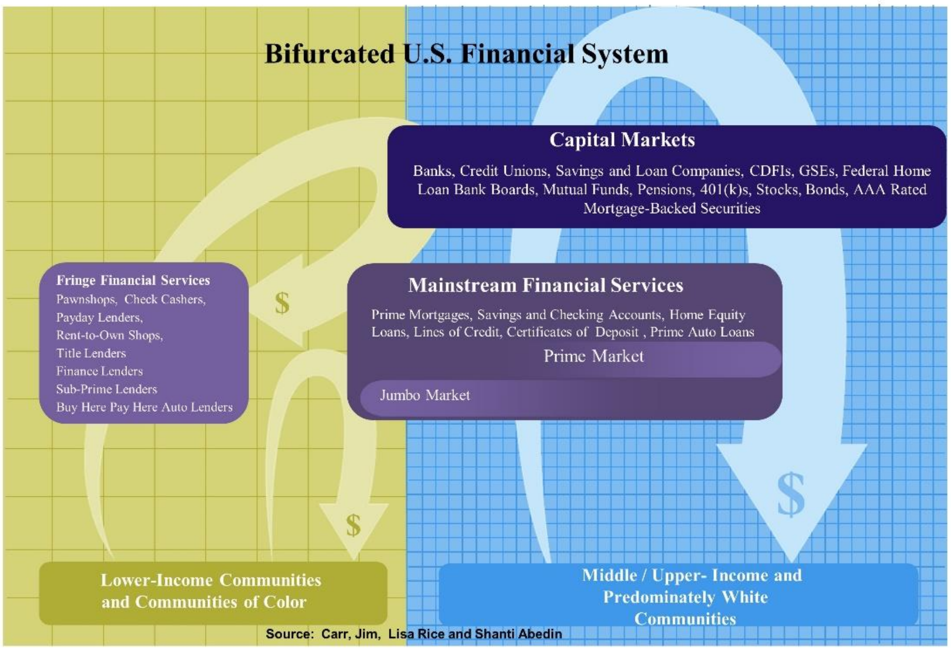
Instead, the government's policies expanded the credit access and wealth gaps, inculcated the association of race and risk into our financial and housing systems, and cemented the elements of the dual credit market which still exists today. The HOLC's system of redlining communities still impacts. The Federal Reserve Bank of Chicago found that "C" and "D" graded areas experienced significant increases in African American residents from 1932 onward. They also found "long-run decline in home ownership, house values, rents, and credit scores[5]" as these areas were increasingly segregated and disinvested by governments and the private sector.

As mainstream lenders, who participated vigorously in the HOLC and FHA programs, pulled out of "C" and "D" graded communities, subprime and fringe lenders moved in. Unscrupulous businesses peddled predatory land contract deals to borrowers starved for credit. America's bifurcated financial system (depicted below) flourished trapping under-served borrowers into a system that is equity stripping and precluding them from accessing the financial mainstream which is designed to help consumers build wealth.

The illustration below depicts the U.S. separate and unequal credit system. The tan side reflects the non-traditional, subprime or alternative credit market where entities like check cashers, payday lenders, title money lenders, subprime lenders, and buy-here, pay-here creditors operate. When consumers access credit in this space, it does not inure to their benefit. Many operators in this space do not report positive payment behavior to the credit repositories. In a perverse arrangement, however, if consumers are delinquent and their debt goes to a collector, that negative information will be reported to the credit repository agencies.

Non-traditional or alternative credit providers are often less regulated than mainstream credit providers and are more apt to develop products that are not safe or sustainable or are designed to push borrowers into delinquency to enhance the probability that their customers will be levied fees and be caught in a debt trap.

[5] Aaronson, Daniel, Daniel Hartley, Bhash Mazumder, 2018. The Effects of the 1930s HOLC "Redlining" Maps (Revised). Federal Reserve Bank of Chicago.



Non-traditional creditors are also highly concentrated in Communities of Color while there is a dearth of mainstream financial institutions located in African American, Native Indian, and LatinX communities. An analysis by Magnify Money revealed there is a direct correlation between neighborhood racial composition and presence of bank and credit union branches. Trulia, in cooperation with NFHA, conducted a similar analysis revealing that communities of color have 35.1% fewer traditional banking establishments than majority-White areas. Likewise, Communities of Color have twice as many non-traditional credit establishments like check cashers and payday lenders than majority-White areas.

The dual credit market impacts where and how people can access credit and effects credit visibility and credit scores. We continue to see differences in credit scores tied to residential segregation. The CFPB conducted an examination of credit scores for about 200,000 consumers and found that areas with higher concentrations of People of Color tended to have lower median credit scores[6]. According to the study, the median FICO score for consumers in majority non-White zip codes was in the 34th percentile. Comparatively, the median FICO score for majority-White zip codes was in the 52nd percentile. This finding is no surprise as it reflects several studies that reveal the same patterns over time. It also is illustrative of the fact that African American communities, heavily targeted by subprime lenders and disproportionately impacted by the foreclosure crisis, are disproportionately experiencing credit damage[7].

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[6] See CFPB Study – Analysis of Differences between Consumer- and Creditor-Purchased Credit Scores. 2012. Available at: https://files.consumerfinance.gov/f/201209_Analysis_Differences_Consumer_Credit.pdf

[7] Mui, Ylan, "*For black Americans, financial damage from subprime implosion is likely to last*". The Washington Post, July 8, 2012. Available at: https://www.washingtonpost.com/business/economy/for-black-americans-financial-damage-from-subprime-implosion-is-likely-to-last/2012/07/08/gJQAwNmzWW_story.html?noredirect=on&utm_term=.393d5b1c2e26

Data is Not Innocuous

Discrimination in the marketplace taints the data collected by credit repositories thus data can be extremely harmful. Discrimination in the employment, housing, credit, health and other sectors impacts the type and quality of data reflected in our credit repository system. How that data is ultimately used by credit modelling agencies can exacerbate disparities and negatively affect the racial wealth gap which is getting worse[8]. Credit scores, which are fundamentally built upon the data housed in the credit repositories, are to a large degree a function of wealth as opposed to willingness or ability to pay a debt. But credit scoring systems behave as though wealth is a function of personal or individual performance when it is, rather, determined by policies that have systemic manifestations – policies that help some and inhibit others. Although discrimination is a common occurrence, it is not accounted for in the way credit data is collected or utilized.

Auto Loan Testing Findings

- 62.5% OF THE TIME, NON-WHITE TESTERS WHO WERE MORE QUALIFIED THAN THEIR WHITE COUNTERPARTS RECEIVED MORE COSTLY PRICING OPTIONS.
- ON AVERAGE, NON-WHITE TESTERS WHO EXPERIENCED DISCRIMINATION WOULD HAVE PAID AN AVERAGE OF $2,662.56 MORE OVER THE LIFE OF THE LOAN THAN LESS-QUALIFIED WHITE TESTERS.
- 75% OF THE TIME, WHITE TESTERS WERE OFFERED MORE FINANCING OPTIONS THAN NONWHITE TESTERS. DEALERS OFFERED TO HELP BRING DOWN INTEREST RATES AND CAR PRICES USING INCENTIVES AND REBATES OR BY MAKING PHONE CALLS TO PERSONAL CONTACTS FOR WHITE TESTERS MORE OFTEN THAN THEY DID FOR NON-WHITE TESTERS.

In the housing sector alone, there are over 4 million instances of discrimination each year. NFHA partnered with the Zillow group in its annual Zillow Housing Aspirations Report (ZHAR)[9] to query over 10,000 adults in the largest 20 metropolitan areas across the U.S. The analysis found that 25% of respondents believe, that over the course of their lives, they have experienced housing discrimination.

Consumers are highly likely to experience discrimination when shopping for an auto loan. In 2017, NFHA conducted an in-depth testing analysis of 8 different franchised car dealerships in Virginia[10]. Within each test, a White tester was matched with a better-qualified Non-White tester. The pairs were sent to inquire about pricing and loan terms for the same vehicle based on the vehicle identification number (VIN#) within 24 hours of one another.

The tests were designed so that the Non-White tester had a better financial profile and was more credit-worthy based on credit score, debt-to-income ratio, income and other criteria. Despite being better qualified, Non-White testers were given more

[8] Anzilotti, Ellie, "*The racial wealth gap is worse than it was 35 years ago,*" Fast Company, January 15, 2019, Available at: https://www.fastcompany.com/90292185/the-racial-wealth-gap-is-worse-than-it-was-35-years-ago

[9] See "*What Modern-Day Housing Discrimination Looks Like: A Conversation with the National Fair Housing Alliance,*" Zillow Research, February 4, 2019. Available at: https://www.zillow.com/research/modern-housing-discrimination-22898/

[10] Rice, Lisa, Erich Schwartz, Jr., and Shivaughn Ferguson, Discrimination When Buying a Car: How the Color of Your Skin can Affect Your Car-Shopping Experience. National Fair Housing Alliance, January, 2018. Available at: https://nationalfairhousing.org/wp-content/uploads/2018/01/Discrimination-When-Buying-a-Car-FINAL-1-11-2018.pdf

expensive pricing options and were more likely to pay significantly more for the same vehicle. White testers were far more likely to be taken seriously as buyers, were presumed to be better qualified when they were not, and were more likely to obtain specific information about financing and pricing. White testers also received discounts for which they did not qualify and were more likely to receive better quality service.

The denial of a housing opportunity, a car loan or insurance can have a negative impact on a consumer particularly because it significantly increases the likelihood that the consumer will need to expand their shopping experience. A customer who is denied a loan at one bank, must apply for credit at a second bank. That same consumer might be quoted an inordinately high interest rate, compelling her to go to a third bank thus increasing the number of inquiries on the consumer's credit report. However, there is no space within the credit reporting system for a consumer to indicate that they are experiencing discrimination. There is no way to compensate for the negative impact of discrimination in the way credit information is captured by the repositories.

Discrimination extends far beyond the housing and lending sectors. Bias in the employment market is commonplace[11]. This is profoundly impactful since the number of employers using credit checks is increasing[12]. For example, the Department of Labor's Office of Federal Contract Compliance Programs recently settled a claim against Bank of America which charged that the bank had discriminated against African Americans in its hiring practices. An Administrative Law Judge found that there were racial differences in the candidates who were excluded from consideration based on the evaluation of a credit report - 11.5% of Black candidates were excluded and in comparison, 6.6% of white candidates were excluded[13].

Bias in the housing and employment markets coupled with disparities in health insurance coverage[14], prevalence of medical debt collections,[15] inequities in student loan debt[16], and disparities in homeownership rates all contribute to the racial wealth gap. According to an analysis by DEMOS[17], in 2011 the median White household had over 15 times the wealth of African American households and over 13 times the wealth of LatinX households. Prosperity Now projects that, due to the historical and

[11] See DISCRIMINATION IN AMERICA: EXPERIENCES AND VIEWS OF AFRICAN AMERICANS, Harvard T. H. Chan School of Public Health, Robert Wood Johnson Foundation, and NPR, October, 2017. Available at: https://www.npr.org/assets/img/2017/10/23/discriminationpoll-african-americans.pdf

[12] See statement of Sara Crawford, Esq., Lawyers Committee for Civil Rights Under Law at the Meeting and Hearing of the U.S. Equal Employment Opportunity Commission, October 20, 2010. Available at: https://www.eeoc.gov/eeoc/meetings/10-20-10/crawford.cfm

[13] id.

[14] Artiga, Samantha, Kendal Orgera, and Anthony Damico, "Changes in Health Coverage by Race and Ethnicity since Implementation of the ACA, 2013-2017," Kaiser Family Foundation, February 13, 2019.

[15] See DEMOS Fact Sheet – The Color of Debt: Credit Card Debt by Race and Ethnicity. Available at: https://www.demos.org/sites/default/files/publications/FACTSHEET_TheColorofDebt_Demos.pdf

[16] See National Center for Education Statistics. Available at: https://nces.ed.gov/datalab/index.aspx

[17] Sullivan, Laura, Tatjana Meschede, Lars Dietrich, Thomas Shapiro of The Institute for Assets and Social Policy, Brandeis University and Amy Traub, Catherine Ruetschlin & Tamara Draut of DEMOS. The Racial Wealth Gap: Why Policy Matters. 2015. Available at: https://www.demos.org/sites/default/files/publications/RacialWealthGap_2.pdf

current systems that perpetuate inequality, if White wealth were to remain fixed where it is today, it would take African Americans 228 years and LatinX 84 years to catch up[18]. The racial wealth gap means that households of color have less wealth to fall back on and thus are required to access more credit, furthering exacerbating wealth gaps and diminishing credit scores for People of Color.

When credit repositories gather data, they do not simultaneously ascertain if a consumer has obtained credit from a predatory, discriminatory or abusive debtor for the purposes of ameliorating any negative fallout. Data is captured as if it is innocuous and benign when the opposite is the case. Data is infused with the discrimination replete throughout our society. When credit repositories collect data, without any assessment of the quality or legitimacy of that data, they help perpetuate the inequities that harm under-served consumers.

Some have attempted to mitigate bias in our markets by moving toward automated systems lulled by the myth that data is blind. Data is not blind, nor is it harmless. It can be dangerous and toxic particularly when it manifests the discrimination inherent in our systems. Researchers at Berkeley have found that FinTech lenders that rely on algorithms to generate decisions on loan pricing discriminate against borrowers of color because their systems "have not removed discrimination, but may have shifted the mode."[19] It is estimated that borrowers of color are being overcharged by $250 million to $500 million per year just in the FinTech space alone. The data gleaned from credit reporting agencies that go into the credit scoring algorithms do not exist in isolation. Each piece of information has appended to it other bits of data that is inherently connecting risk to race. In essence, these data systems manifest systemic and institutional racism.

Credit repositories should adjust their systems and practices to account for how discrimination impacts consumers. For example, there is clear evidence that subprime loans were targeted toward borrowers of color who qualified for prime credit and that these borrowers faced higher instances of delinquency and default because they received unstainable subprime loans. There is also clear evidence of a pattern of discriminatory pricing behavior toward borrowers of color[20]. However, settlements for consumers experiencing discrimination or predatory lending typically did not include having their credit information corrected. When settlements did call for this correction, many victims of discrimination could not be found to take advantage of the correction. This glaring oversight calls for the development of a mechanism to mitigate discrimination in the marketplace within our credit reporting system.

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[18] Collins, Chuck, Dedrick Asante-Muhammed, Emanuel Nieves, Josh Hoxie. The Ever-Growing Gap. Institute for Policy Studies, August 8, 2016. Available at: https://ips-dc.org/wp-content/uploads/2016/08/The-Ever-Growing-Gap-CFED_IPS-Final-2.pdf

[19] Bartlett, Robert P. and Morse, Adair and Stanton, Richard H. and Wallace, Nancy E. 2017. *Consumer Lending Discrimination in the FinTech Era*. UC Berkeley Public Law Research Paper. Available at SSRN: https://ssrn.com/abstract=3063448 or http://dx.doi.org/10.2139/ssrn.3063448

[20] See *United States v. Countrywide, United States, et al. v. Wells Fargo, United States v. Suntrust Bank, United States v. PrimeLending, United States v. National City Bank, United States v. Sage Bank*, and more at https://www.justice.gov/crt/recent-fair-lending-cases-0 and https://www.justice.gov/crt/housing-and-civil-enforcement-section

System Favors Creditors Over Consumers

Credit repositories adopt policies and procedures that favor the creditor over the consumer. While reporting agencies do have mechanisms that allow consumers to dispute information, the system is designed to merit creditors over consumers. Even when consumers provide proof that a debt is in error, the reporting agencies rely upon the creditor to conduct an investigation to determine if the creditor has made a mistake. Abusive and predatory lenders have an incentive to report erroneous information, yet the reporting agencies take their work over that of the consumer. All the creditor need do is assert that the alleged debt is owed. Since credit modeling agencies like FICO and VantageScore make adjustments in their scoring models based on a disputed record – which could harm the consumer – limiting disputed records should be the major objective of credit repositories.

Moreover, it is extremely difficult for consumers to challenge a false entry after the creditor has asserted or "verified" the charge. Sometimes the only recourse is a legal suit against the creditor which is almost impossible for low-income/low-wealth consumers.

Errors in credit reporting information are common yet it is difficult to correct erroneous information which can be harmful for consumers. In a Federal Trade Commission study, 1 in 4 (25%) consumers indicated that they detected false information on their credit reports[21] that could negatively affect their credit scores.

As described above, certain creditors do not report favorable consumer data to the credit repositories but do report unfavorable data. Another area where this happens is with rental housing payment information which is mostly not captured by repositories. This is unfortunate since rental payment information can be highly predictive of future performance particularly in the mortgage lending context. The Urban Institute completed an analysis[22] which found that credit risk assessments for renters are being conducted improperly, and that by capturing this information, renters could get a boost when they apply for mortgage credit. This could be a tremendous benefit for borrowers who are credit invisible or unscore-able. Less than 1% of credit files contain rental payment information. TransUnion, Equifax and Experian will include rental payment entries if they receive the data. It is imperative, given the positive benefit many consumers can receive from the reporting of rental payment information, that a system for easily tracking and reporting this data is developed. Simultaneously, we must create increased protections for tenants so they are not taken advantage of by unscrupulous actors.

Currently, our credit reporting system rates consumers, placing the onus for performance on them. The system does not rate creditors, leaving them off of the hook for discriminatory, fraudulent, and

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[21] See Federal Trade Commission study at https://www.ftc.gov/news-events/press-releases/2013/02/ftc-study-five-percent-consumers-had-errors-their-credit-reports. February 11, 2013.

[22] Goodman, Laurie, Jun Zhu, Rental pay history should be used to asses the creditworthiness of mortgage borrowers, Urban Institute, April 17, 2018. Available at: https://www.urban.org/urban-wire/rental-pay-history-should-be-used-assess-creditworthiness-mortgage-borrowers

other poor behavior. The discriminatory, fraudulent or harmful behavior of the creditor is incorrectly reflected in the consumer's credit data.

Solutions

The credit reporting system must be revamped to merit consumers and creditors equally. The current landscape, which favors creditors to the detriment of consumers, must end. Creditors have little incentive to correct false information since they know credit repositories will take their word in the end and will solely rely on the creditor to conduct an investigation.

Discrimination, fraud, abuse and other harmful acts must be mitigated in consumer credit data. Credit repository agencies should change their contracts to require information providers to immediately correct consumer information if those entities have been found liable for civil rights, abuse, fraud or other violations or have entered into agreements to correct issues related to these practices. Credit repository agencies should also "turn off" negative entries that might be the result of discrimination, fraud, abuse, etc.

Rental housing payments should be reflected in the credit repository system. This must be coupled with tenant protection laws to curtail fraud and abuse.
Credit repositories can work with technology firms to provide a low-cost, scalable solution to facilitate the reporting of this data which can benefit millions of consumers. At the same time, lawmakers must step up tenant protections to curtail abuse in the rental market.

If a provider is not reporting positive data, negative data emanating from that provider must not be captured. Credit repositories should reject any negative data that is sourced from a creditor that does not report positive payment information.

Credit modelling agencies must continually test their systems for discriminatory impacts and correct the systems to lessen harmful effects. Credit scoring mechanisms can project the discrimination that is manifest in our marketplace. Algorithms are not color-blind or innocuous. They can, in many cases, make discrimination easier. This means that credit modelers must conduct disparate impact analyses to test for discriminatory effects and train their algorithms to adopt less discriminatory alternatives.