



News From the FAMP Government Affairs Committee

Senator challenges Cordray on National Mortgage Database information collection activities

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A top Senate lawmaker told the leader of the Consumer Financial Protection Bureau (CFPB) that he is deeply concerned about the types of information the bureau and the Federal Housing Finance Agency (FHFA) indicated may be collected as part of an expansion of the National Mortgage Database project. During last week's CFPB oversight hearing in the Senate Banking Committee, Mike Crapo, R-Idaho, the committee's ranking member, expressed concern that the data collection could represent an unnecessary invasion of privacy.

The FHFA and CFPB first announced their intention to build a mortgage database in November 2012. The database under development includes information dating back to 1998 and is intended to advance the government's mortgage market monitoring and policy initiatives.

The FHFA published a Federal Register notice April 16 announcing its intent to expand the dataset effective May 27.

According to the FHFA, the records in the database will include loan-level data in five dimensions: Mortgage record; real estate transaction; household demographic data on the borrower; physical characteristics of the house and neighborhood; and performance data on the mortgage and all credit lines (i.e. credit cards, student loans, auto loans and other loans reported to credit bureaus) of the mortgage borrower and all those associated with the mortgage.

According to the notice, records collected may include, without limitation, borrower/co-borrower information such as name, address, ZIP code, telephone numbers, date of birth, race/ethnicity, gender, language, religion, Social Security number, education records, military status/records, employment status/records and many additional data fields.

"The information that came out in the Federal Register with regard to this proposed expansion is extremely alarming," Crapo told CFPB Director Richard Cordray during the June 10 hearing. "Does this mean that the assurances that you have given us recently ... that you will not collect personally identifiable information on Americans is being changed?"

Cordray responded that the bureau's position on such data has not changed. He also indicated that the notice Crapo referenced, known as a "System of Records Notice," or SORN, is merely a "bureaucratic" document describing data that could conceivably be collected before it is scrubbed of personally identifiable information and placed in the database.

"The National Mortgage Database, as it's conceived, will not include personally identifiable information such as name, address [and] Social Security number," Cordray said. "I also want to make a point to assure you and your colleagues - because the question was raised - we will not be including religion in the National Mortgage Database."

Cordray said that when the bureau procures data, it comes in the form in which it is being bought and sold in the industry. That data can contain different kinds of personally identifiable information. The data is then scrubbed of such information, he explained.

Crapo wondered whether the collection of such data was an "unnecessary invasion of the privacy of citizens." He expressed his ongoing concern that anonymized data maintained by the bureau could be reverse engineered.

"It's quite concerning to me that this information is so broadly available in the

private sector as well," Crapo said. "But the concern I'm expressing to you is the concern that the government is collecting it. I think that's a different thing, and I think that the rationale for the government to collect this information does not necessarily justify the level of potential invasion of privacy that is involved here."

Cordray said the CFPB is committed to making its data program "as right as we can," and he said congressional scrutiny will only improve the bureau's efforts.

"It's a classic area where congressional oversight is extremely important," Cordray said. "You're very concerned about this, [and] the public should be concerned about it. Your work is making us be on our toes to make sure that we're doing things as right as we can."