

# Yet another Database to Profile Americans

June 18, 2014 / Tom Olago

A joint National Mortgage Database Program of The Federal Housing Finance Agency (FHFA) and the Consumer Financial Protection Bureau (CFPB), will soon compel as many as 227 million Americans to disclose intimate details of their families and financial lives- including their Social Security numbers - in a new national database being assembled by the two federal agencies.

According to a report published in the Washington Examiner, the two agencies will also assemble “household demographic data,” including racial and ethnic data, gender, marital status, religion, education, employment history, military status, and household composition, the number of wage earners and a family’s total wealth and assets.

The database will reportedly include personally identifiable information that reveals actual users, in a move said to be a reversal of previously stated policy. CFPB Director Richard Cordray had reportedly said in January that the database will only contain “aggregate” information with no personal identifiers.

However under an April register notice, the database expansion means it will include a host of data points, including a mortgage owner’s name, address, Social Security number, all credit card and other loan information and account balances. The database will also encompass a mortgage holder’s entire credit history, including delinquent payments, late payments, minimum payments, high account balances and credit scores.

FHFA officials are said to claim that the database is essential to conducting a monthly mortgage survey required by the Housing and Economic Recovery Act of 2008, and to help it prepare an annual report for Congress.

The mortgage database is unprecedented and would collect personal mortgage information on every single-family residential first lien loan issued since 1998. Federal officials will continue updating the database into the indefinite future. The database held information on at least 10.1 million mortgage owners, according to a July 31 2013 FHFA and CFPB presentation at an international conference on collateral risk.

FHFA has two contracts with CoreLogic, which boasts that it has “access to industry’s largest most comprehensive active and historical mortgage databases of over 227 million loans.”

Critics are however not impressed, raising several concerns and complaints:

- The need for such a “vast database” for simple reporting purposes and the lack of transparency around it;
- Intrusion of privacy: "this expansion represents an unwarranted intrusion into the private lives of ordinary Americans" and "harbors significant privacy concerns";
- Vulnerability of the new database to cyber attacks and data breaches that could put private information about millions of consumers at risk and facilitate identity theft;
- The agency’s authority to collect such information.
- The agencies abilities to fully protect the data.

Critics of the database span the financial spectrum, including the U.S. Chamber of Commerce's Center for Capital Markets Competitiveness and the National Association of Federal Credit Unions. Interestingly, the Chamber of Commerce said that while Congress did ask for regular reports, it never granted FHFA the authority to create the National Mortgage Database. “Congress did not explicitly require (or even explicitly authorize) the FHFA to build anything resembling the NMD,” the Chamber told FHFA Director Mel Watt in its May 16 letter.

So why the rush and fuss to create such an unwieldy database despite the extra administration work and additional risks? A May 1 White House report on cybersecurity of federal databases is reported to have recently warned...

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