



**National Association
of Federal Credit Unions**
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NAFCU | Your Direct Connection to Education, Advocacy & Advancement

May 16, 2014

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 20024

RE: 2014-N-03: National Mortgage Database Project

Dear Mr. Pollard:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Federal Housing Finance Agency's (FHFA) notice of, and request for comments, regarding revisions to the National Mortgage Database Project (NMDP). The NMDP is a collaborative effort between the FHFA and Consumer Financial Protection Bureau (CFPB) to create a system of records that covers the National Mortgage Database and the National Survey of Mortgage Borrowers, with the goal of developing the first comprehensive repository of detailed mortgage loan-level information.

First and foremost, NAFCU believes greater transparency should be provided by the FHFA and CFPB on what this information is being used for and which divisions within each agency have access to it. According to the FHFA's November 1, 2012 press release, the agencies will use the database primarily to support their policymaking and research efforts and to help them better understand merging mortgage and housing market trends. The agencies should articulate clearer, better defined goals on how they will analyze this information. In addition, NAFCU urges the FHFA and CFPB to select only robust and representative subsets of the data when they seek to use it to support particular policies or rulemakings. Further, the agencies should incorporate into any analyses the important differences between the types of entities involved in the mortgage and housing markets. For example, credit unions have specific field of membership requirements that may influence the geographic and demographic makeup of their consumers.

NAFCU appreciates the agencies' intent to include data reaching back to 1998. NAFCU hopes that the agencies will appropriately consider past information together with current information in any policy or rule making efforts, given the considerable changes that have

Federal Housing Finance Agency

May 16, 2014

Page 2 of 2

taken place in the credit union industry, including patterns in credit union mergers and failures, both of which have a marked impact on credit union mortgage lending.

NAFCU harbors significant privacy concerns for credit union members that may be affected by this proposal. These are especially pertinent given the recent United States Government Accountability Office's Report to Congressional Requesters, "Information Security: Agency Responses to Breaches of Personally Identifiable Information Need to be More Consistent" that found that data breaches of government systems are up 42% over the past year. While the agencies have said the database will not contain personally identifiable information and that precautions will be taken to ensure that individual consumers cannot be identified through the database or through any datasets that may be made available to researchers or the public, NAFCU remains concerned that potential breaches may occur and that raw data attributable to particular financial institutions may be leaked. The agencies should ensure they have in place advanced and adequately tested cybersecurity systems before including potentially sensitive and identifiable information. Protecting their respective credit union members is a top priority for credit unions and NAFCU believes providing this information can make those consumers vulnerable.

To the extent that the agencies seek in the future to expand the scope of information reflected in the database, NAFCU requests that the agencies consider carefully the potential regulatory burden before increasing the information mortgage lenders, including credit unions, must submit. Mortgage lenders are already saddled with an array of new regulatory requirements and an increase in data disclosures would create a significant burden on institutions and require them to update their collection requirements, processes, and recording systems.

Given the privacy and transparency concerns surrounding the proposal, NAFCU urges the FHFA to delay the implementation of the revisions beyond the proposed date of May 27, 2014.

NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Meyster". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Angela Meyster
Regulatory Affairs Counsel