



BILLING CODE: 8070-01-P

FEDERAL HOUSING FINANCE AGENCY

[No. 2015–N–07]

Privacy Act of 1974; System of Records

AGENCY: Federal Housing Finance Agency.

ACTION: Notice of revision to an existing system of records; Request for comments.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a (Privacy Act), the Federal Housing Finance Agency (FHFA) is reissuing the system of records entitled “National Mortgage Database Project” (FHFA-21). FHFA is re-issuing this notice in response to comments received on the Notice published on April 16, 2014 at 79 FR 21458. In reissuing this notice, FHFA requests further comments on the below revisions to the existing system of records.

This revised system of records covers the National Mortgage Database Project (“Project”), which is comprised of three components: 1) the National Mortgage Database (“NMDB”); 2) the information used to create the NMDB but will not be contained within the NMDB; and 3) National Surveys of Mortgage Borrowers (“Surveys”). The Project is designed to satisfy the Congressionally-mandated requirements of section 1324(c) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008. Under this statutory provision, FHFA

must, through surveys of the mortgage market, collect information on the characteristics of individual mortgages, including those that are eligible for purchase by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) as well as those that are not, and subprime and nontraditional mortgages, including information on the creditworthiness of those borrowers sufficient to determine whether they would have qualified for prime lending.

DATES: To be assured of consideration, comments must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. The revisions to the existing system will become effective on [INSERT DATE 70 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] unless comments necessitate otherwise. FHFA will publish a new notice if, in order to review comments, the effective date is delayed or if changes are made based on comments received.

ADDRESSES: Submit comments, identified by “2015-N-07,” using only one of the following methods:

- Agency Web site: www.fhfa.gov/open-for-comment-or-input.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by e-mail to FHFA at RegComments@fhfa.gov to ensure timely receipt by FHFA. Please include “2015-N-07” in the subject line of the message.
- Hand Delivered/Courier: The hand delivery address is: Alfred M. Pollard, General Counsel, Attention: Comments/2015-N-07, Federal Housing

Finance Agency, 400 Seventh Street, SW., Washington, DC 20024. To ensure timely receipt of hand delivered package, please ensure that the package is delivered to the Seventh Street entrance Guard Desk, First Floor, on business days between 9 a.m. to 5 p.m.

- U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service:
The mailing address for comments is: Alfred M. Pollard, General Counsel, Attention: Comments/2015-N-07, Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024. Please note that all mail sent to FHFA via the U.S. Postal Service is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks. For any time-sensitive correspondence, please plan accordingly.

See **SUPPLEMENTARY INFORMATION** for additional information on submission and posting of comments.

FOR FURTHER INFORMATION CONTACT: Forrest Pafenberg, Program Manager, National Mortgage Database Project, Forrest.Pafenberg@fhfa.gov or (202) 649-3129; Stacy Easter, Privacy Act Officer, privacy@fhfa.gov or (202) 649-3803; or David A. Lee, Senior Agency Official for Privacy, privacy@fhfa.gov or (202) 649-3803 (not toll-free numbers), Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street, SW., Washington, DC 20024. The telephone number for the Telecommunications Device for the Deaf is 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. COMMENTS

FHFA seeks public comments on the revised system of records for the National Mortgage Database Project (FHFA-21) and will take all comments into consideration. See 5 U.S.C. 552a(e)(4) and (11). In addition to referencing “Comments/2015-N-07,” please reference “National Mortgage Database Project” (FHFA-21).

All comments received will be posted without change on the FHFA web site at <http://www.fhfa.gov>, and will include any personal information provided, such as name, address (mailing and email), and telephone numbers. In addition, copies of all comments received will be available without change for public inspection on business days between the hours of 10 a.m. and 3 p.m., at the Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024. To make an appointment to inspect comments, please call the Office of General Counsel at (202) 649-3804.

II. INTRODUCTION

This revised system of records covers the National Mortgage Database Project (“Project”), which is comprised of three components: 1) the National Mortgage Database (“NMDB”); 2) the information used to create the NMDB but will not be contained within the NMDB; and 3) National Surveys of Mortgage Borrowers (“Surveys”). Each of these components is described below.

The revised system of records, “National Mortgage Database Project” (FHFA-21), will contain records related to the creation of the NMDB. The core data for the NMDB are drawn from data maintained by one of the three national credit repositories as well as data to be drawn from: (1) administrative data sources including existing mortgage data from Fannie Mae, Freddie Mac, the Federal Home Loan Banks (Banks), the Federal Housing Administration (FHA), the United States Department of Veterans

Affairs (VA), and other government agencies; (2) Home Mortgage Disclosure Act (HMDA) data; and (3) other commercially available mortgage, property, and appraisal sources. Data from these various sources will be used to create and update the NMDB. Once the NMDB has been created from these sources, the input datasets will be permanently deleted and will not be maintained by the Project. The NMDB does not contain and is not a credit report or set of credit reports as defined under the Federal Credit Report Act, 15 U.S.C. 1681 et seq.

Any information on borrower(s) in the NMDB that is available to FHFA, the Consumer Financial Protection Bureau (CFPB), or other authorized users of the NMDB is de-identified and does not include directly-identifiable information, such as borrower/co-borrower name, address, Social Security number or date of birth.

Construction of the NMDB begins with a random 1-in-20 sample of all first lien mortgages in the credit repository's files that were outstanding at any time between January 1998 (the start date of the data collection at the credit repository) and June 2012 (the start date of the Project). Each quarter a random 1-in-20 sample of mortgages that are newly reported to the credit repository is added. Currently the NMDB has been updated with this credit repository data through June 2015 and it will continue to be updated in the future. Mortgages remain in the NMDB until they terminate through prepayment (including refinancing), foreclosure or maturity. Information from credit repository files on each borrower associated with the mortgages in the NMDB will be collected from one year prior to origination to one year after termination of the mortgage.

In addition to the creation of the NMDB, the Project includes voluntary surveys of mortgage borrowers as part of the Surveys. The Surveys' target universe is first-lien

closed-end residential mortgages and the associated borrowers. The Surveys supplement the NMDB with information not currently available through existing data sources. To achieve this objective, the Surveys draw their samples from mortgages that are part of the NMDB.

Responses to the Surveys will be maintained in de-identified form as part of the Project. Individuals contacted by the Surveys may choose to opt out of any future communications about the Surveys. Participation in the Surveys and opt-out list is voluntary and the opt-out list is kept separate from the NMDB by a third party vendor. The opt-out list contains the name and address of those individuals who have opted out of receiving communications about the Surveys in order to ensure that these individuals do not receive any future communications about the Surveys after opting out. FHFA and CFPB employees will not have access to this list.

This notice satisfies the Privacy Act requirement that an agency publishes a system of records notice in the Federal Register when there is an addition or change to the agency's systems of records. Although Congress established general exemptions and specific exemptions that could be used to exempt records from provisions of the Privacy Act, the Director of FHFA has determined that records and information in this system of records are not exempt from the requirements of the Privacy Act.

As required by the Privacy Act, 5 U.S.C. 552a(r), and pursuant to paragraph 4c of Appendix I to OMB Circular No. A-130, "Federal Agency Responsibilities for Maintaining Records About Individuals," dated February 8, 1996 (61 FR 6427, 6435 (February 20, 1996)), FHFA has submitted a report describing the system of records covered by this notice to the Committee on Oversight and Government Reform of the

House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Office of Management and Budget.

III. REVISED SYSTEM OF RECORDS

The revised system of records notice is set out in its entirety and described in detail below. The revisions from the previous SORN that FHFA issued in April 2014 include: 1) deleting certain data fields that will not be collected and will not be part of the Project (i.e., language, religion, census block, telephone number, and latitude/longitude); 2) clearly delineating the individuals covered by the system; 3) deleting various routine uses and adding one where de-identified data may be shared with federal financial regulators and other U.S. Government agencies for supervisory purposes and for conducting research and analysis related to the mortgage markets; 4) clearly articulating that for purposes of updating the database, information will be updated through a de-identified database-specific constructed loan identifier or encrypted unique identification numbers that will be used solely to aid in the compiling and tracking of the data used from other matching datasets; and 5) notifying the public of the existence of an opt-out list and the information contained therein.

FHFA-21

SYSTEM NAME:

National Mortgage Database Project.

SECURITY CLASSIFICATION:

Sensitive but unclassified.

SYSTEM LOCATION:

Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024, and Experian Information Solutions Inc., 475 Anton Blvd., Costa Mesa, CA 92626.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Across the three components of the National Mortgage Database Project, information about individuals in the system will contain records that have been collected from: (1) credit repository data; (2) administrative data sources including existing mortgage data from the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Banks (Banks), the Federal Housing Administration (FHA), the United States Department of Veterans Affairs (VA), and other government agencies; (3) Home Mortgage Disclosure Act (HMDA) data; (4) members of the public as part of the National Surveys of Mortgage Borrowers; and (5) other commercially available mortgage, property, and appraisal sources.

CATEGORIES OF RECORDS IN THE SYSTEM:

This revised system of records covers the National Mortgage Database Project (“Project”), which is comprised of three components: 1) the National Mortgage Database (“NMDB”); 2) the information used to create the NMDB but will not be contained within the NMDB; and 3) National Surveys of Mortgage Borrowers (“Surveys”). Across these three components of the NMDB Project, records include five forms of loan-level data: mortgage record, real estate transaction, household demographic data on the borrower(s), physical characteristics of the house and neighborhood, and performance data on the mortgage and credit lines (i.e., credit cards, student loans, auto loans, and other loans

reported to credit bureaus) of the mortgage borrower(s). The three components are described below.

Under the first component and when the development phase of the NMDB is completed, the NMDB will contain de-identified records of borrowers and properties associated with a 1-in-20 nationally representative random sample of mortgages. These de-identified records may include: (1) borrower(s) information (age, ZIP Code, race/ethnicity, gender, presence of children by various age categories, household income, credit score(s) of borrower(s) at origination, deceased indicator, and marital status); (2) Mortgage Information (current balance, actual monthly payment, delinquency grid, scheduled monthly payment, refinanced amount, and bankruptcy information); (3) Credit card/other loan information (account type, credit amount, account balance amount, account past due amount, account minimum payment amount, account actual payment amount, account high balance amount, account charge off amount, and second mortgage); (4) Property Attributes (property type, number of bedrooms and bathrooms, square footage, lot size, year built/age of structure, units in structure, most recent assessed value (per tax roll), year of most recent assessed value, effective age of structure, project name, and neighborhood name); (5) Real Estate Transaction Attributes (sales price, down payment, occupancy status (own, rent), new versus existing home, county, census tract, and date purchased); and (6) Mortgage Characteristics Attributes (mortgage product and purpose, origination date, acquisition date, amount of mortgage, refinanced amount, amount of down payment, term of mortgage, interest rate of mortgage, source of mortgage/mortgage channel, mortgage insurance type, loan to value at origination, origination amount/credit limit, originator, servicer(s), debt to income ratio at origination,

number of borrower(s), number of units covered by the mortgage and the total number of units in the associated property, presence of prepayment penalty, origination points paid by borrower(s), discount points paid by borrower(s), balloon payment date/amount, percent of down payment, and secondary market indicator).

Under the second component, and solely for the purposes of matching records in the NMDB with other datasets as part of the construction of the NMDB, records may include: borrower(s) information such as name, address, Social Security number, date of birth, and mortgage account number. Records with direct identifying information, including name, address, Social Security numbers, date of birth, and mortgage account numbers, will be used solely by a credit repository behind a firewall for purposes of matching the records with other datasets, which will better enable FHFA to perform the statutory functions identified below. FHFA and Consumer Financial Protection Bureau (CFPB) employees will not have access to this direct identifying information.

The matching will be conducted by a credit repository. The matching will be conducted behind a firewall using a blind matching process on a 1-in-20 nationally representative random sample. FHFA and CFPB employees will not have access to this blind matching process.

After the matching is complete, the records with direct identifying information (name, Social Security number, date of birth, and mortgage account number) will be permanently destroyed by the credit repository and will not be maintained. A de-identified dataset, as described above, will be used for conducting research on and analysis of the mortgage markets.

FHFA may obtain updates or supplements to this de-identified dataset and, in those circumstances, may use record locaters unique to the source providing the update in order to update or supplement records. In these instances, FHFA's credit repository vendor may retain property address solely for the purpose of updating matches or conducting future matches with new data sets. FHFA and CFBP employees will not have access to this information.

Under the third component, the Surveys will collect and maintain records on demographic information from a subset of individuals who voluntarily respond to the Surveys to include: education status, military status, financial events and life events in the last couple of years, and assets and wealth. An opt-out list will be maintained by a third party vendor containing the name and address for those individuals who have opted-out in order to ensure that they do not receive future communications from the Surveys. FHFA and CFPB employees will not have access to this list.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

12 U.S.C 4511, 4513, 4543, and section 1324 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) as amended by section 1125 of the Housing and Economic Recovery Act of 2008 (12 U.S.C. 4544 and 4544(c)).

PURPOSE(S):

The records in this system of records are collected and maintained in order to facilitate mandatory reporting under the Safety and Soundness Act as well as to conduct research, performance modeling, and examination monitoring. The statutory mandate for a monthly mortgage market survey requires FHFA to survey the full breadth of the

mortgage market, including mortgages that are eligible for purchase by Fannie Mae and Freddie Mac and those that are not. Under this statutory mandate, FHFA is required to collect data on the characteristics of individual mortgages including, among other items, the price of the property, the terms of mortgages, and the creditworthiness of borrowers. The records in the opt-out list are maintained by a third party vendor in order to ensure that those individuals who have opted out of receiving communications about the Surveys do not receive any further communications.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, these records or information contained therein may specifically be disclosed outside FHFA as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

(1) When (a) it is suspected or confirmed that the security or confidentiality of information in the system of records has been compromised; (b) FHFA has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by FHFA or another agency or entity) that rely upon the compromised information; and (c) the disclosure is made to such agencies, entities, and persons who are reasonably necessary to assist in connection with FHFA's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.

(2) To members of advisory committees that are created by FHFA or by Congress to render advice and recommendations to FHFA or to Congress, to be used solely in connection with their official, designated functions.

(3) To contractor personnel and other authorized individuals working on a contract, cooperative agreement, or project for FHFA or CFPB related to the NMDB.

(4) To the Office of Management and Budget, Department of Justice, Department of Homeland Security, or other federal financial regulatory agencies to obtain advice regarding statutory, regulatory, policy, and other requirements related to the purpose for which FHFA collected the records.

(5) To the National Archives and Records Administration or other federal agencies pursuant to records management inspections being conducted under the authority of 44 U.S.C. 2904 and 2906.

(6) To a federal agency, organization, or individual for the purpose of performing audit or oversight operations as authorized by law, but only such information as is necessary and relevant to such audit or oversight function.

(7) To an FHFA regulated entity.

(8) De-identified, anonymized data with the CFPB in order to facilitate reporting under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203), as well as to conduct research, performance modeling, and market monitoring.

(9) De-identified, anonymized data to federal financial regulators and other U.S. Government agencies for conducting research and analysis related to the mortgage markets and for supervisory purposes; servicers are not identified and information cannot be used for enforcement actions against servicers.

DISCLOSURE TO CONSUMER REPORTING AGENCIES:

None.

POLICIES AND PRACTICE FOR STORING, RETRIEVING, ACCESSING, RETAINING AND DISPOSING OF RECORDS IN THE SYSTEM:

STORAGE:

Records are maintained in electronic format, paper form, and magnetic disk or tape. Electronic records are stored in computerized databases. Paper and magnetic disk or tape records are stored in locked file rooms, locked file cabinets, or locked safes.

RETRIEVABILITY:

For the purposes of compiling data from the data sources under the second component of the Project, the records may contain anonymized personal identifiers (i.e., a database-specific constructed loan identifier or encrypted unique identification numbers) for purposes of matching the records with other datasets. After the matching is complete, a de-identified copy of the matched dataset will be used under the first component of the Project for conducting research and analysis as described above. FHFA may retain these anonymized personal identifiers after the matching, but only for the purpose of performing similar matches on future data acquisitions. Under the third component of the Project for the Surveys opt-out list, information will be held by a third party vendor and may be retrieved by that vendor by name or address.

SAFEGUARDS:

Records are safeguarded in a secured environment. Buildings where records are stored have security cameras and 24-hour security guard service. Computerized records are safeguarded through use of access codes and other information technology security measures. Paper records are safeguarded by locked file rooms, locked file cabinets, or locked safes. Access to the records is restricted to those individuals who require access to the records in the performance of official duties related to the purposes for which the

system is maintained and who have agreed, in writing, to maintain the confidentiality and integrity of the data.

RETENTION AND DISPOSAL:

Records are maintained in accordance with National Archives and Records Administration and FHFA retention schedules. Records are disposed of according to accepted techniques.

SYSTEM MANAGER(S) AND ADDRESS:

Project Manager, National Mortgage Database Project, Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024.

NOTIFICATION PROCEDURES:

Direct inquiries as to whether this system contains a record pertaining to an individual to the Privacy Act Officer. Inquiries may be mailed to the Privacy Act Officer, Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024, or electronically at

<http://www.fhfa.gov/AboutUs/FOIAPrivacy/Pages/Privacy.aspx> in accordance with the procedures set forth in 12 CFR part 1204.

RECORD ACCESS PROCEDURES:

Direct requests for access to the Privacy Act Officer. Requests may be mailed to the Privacy Act Officer, Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024, or can be submitted electronically at

<http://www.fhfa.gov/AboutUs/FOIAPrivacy/Pages/Privacy.aspx> in accordance with the procedures set forth in 12 CFR part 1204.

CONTESTING RECORD PROCEDURES:

Direct requests to contest or appeal an adverse decision for a record to the Privacy Act Appeals Officer. Requests may be mailed to the Privacy Act Appeals Officer, Federal Housing Finance Agency, 400 Seventh Street, SW., Washington, DC 20024, or can be submitted electronically at <http://www.fhfa.gov/AboutUs/FOIAPrivacy/Pages/Privacy.aspx> in accordance with the procedures set forth in 12 CFR part 1204.

RECORD SOURCE CATEGORIES:

The information in this system will be obtained from: (1) credit repository data; (2) administrative data sources, including mortgage data from Fannie Mae, Freddie Mac, the Banks, FHA, VA, and other government agencies; (3) HMDA data; (4) other commercially-available mortgage, property, and appraisal sources; and 5) individuals who voluntarily respond to the Surveys.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

Dated: August 20, 2015.

Melvin L. Watt,

Director, Federal Housing Finance Agency

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