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**B. Dan Berger**  
President & Chief Executive Officer

**National Association of Federally-Insured Credit Unions**

January 17, 2018

The Honorable Mick Mulvaney  
Acting Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, D.C. 20552

**RE:** Collection of HMDA Data Points

Dear Acting Director Mulvaney:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I would like to share with you NAFCU's recommendations regarding the Consumer Financial Protection Bureau's (CFPB) ongoing review of agency data collection activities.

As an initial matter, NAFCU appreciates the CFPB's decision to assess Home Mortgage Disclosure Act (HMDA) compliance under a "good faith" standard as the rule undergoes "diagnostic" reevaluation. In addition, NAFCU is hopeful that the CFPB's decision to broadly reconsider the scope of HMDA data collection will yield significant relief for credit unions. As the CFPB contemplates the need for a new rulemaking to appropriately tailor HMDA, NAFCU would like to reiterate its belief that HMDA data collection should be limited to only the items specifically mandated by the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act).

NAFCU has long held that collection of additional data points would substantially increase compliance activities for credit unions and fundamentally undermine consumer privacy. Credit unions have already incurred substantial costs resulting from system upgrades and hiring of new staff to implement HMDA's vastly expanded requirements. Limiting the number of data points collected would mitigate some of these costs and reduce compliance overhead, giving credit unions more flexibility to grow, develop innovative products, and serve their communities.

With respect to privacy concerns, NAFCU applauds the CFPB for initiating a thorough review of the CFPB's data security systems and freezing collection of personally identifiable information

until weaknesses are addressed. These actions are necessary to address security risks identified in a September 2017 report by the Federal Reserve's Office of the Inspector General (OIG).<sup>1</sup>

The OIG report explains that the CFPB's decision to grant examination employees in each region open access to examination workpaper documentation and supporting material, despite there not being a business reason to do so, increased the risk of insider abuse of materials with confidential supervisory information and personally identifiable information. NAFCU hopes that the CFPB's renewed commitment to strengthening its data security will address these problems and mitigate privacy risks associated with the unprecedented scope of HMDA data collection.

NAFCU has consistently urged the CFPB to limit public disclosure of HMDA loan data in order to protect the privacy of sensitive consumer information. HMDA reports currently include the name of the credit union, mortgage amount, year of transaction, and census tract of the property. This information already provides an opportunity to identify the majority of mortgagors being reported under HMDA. Because there is little privacy protection in HMDA data, adding more detailed and otherwise non-public information (e.g., loan purpose, construction method, occupancy type, borrower income, loan amount) creates substantial privacy concerns.

NAFCU believes that limiting HMDA data collection to statutorily enumerated items is the best way to protect borrower privacy. By contrast, the CFPB's policy statement on disclosure of loan-level HMDA data does not adequately mitigate re-identification of borrowers using new data points. Credit unions may face litigation risk if HMDA data is re-identified and used to commit fraud or other crimes against members. Accordingly, NAFCU asks that the CFPB not only seek to limit the scope of HMDA data collection but act to safeguard loan-level data from possible re-identification.

Should you have any questions or concerns, please do not hesitate to contact me or Andrew Morris, Regulatory Affairs Counsel at [amorris@nafcu.org](mailto:amorris@nafcu.org) or (703) 842-2266.

Sincerely,



B. Dan Berger  
President and CEO

*Thanks for your continued support!*

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<sup>1</sup> See Office of the Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, *The CFPB Can Improve Its Examination Workpaper Documentation Practices, 2017-SR-C-016* (September 27, 2017), available at <https://oig.federalreserve.gov/reports/cfpb-examination-workpaper-documentation-sep2017.pdf>