

## Government will restrict mortgage data in 2019 for safety, privacy

In a policy guidance published last week, the Consumer Financial Protection Bureau (CFPB) announced changes to the mortgage data it will publish in 2019, increasing protections for consumer information related to credit scores and home addresses.

The Home Mortgage Disclosure Act (HMDA) was enacted to make sure that financial institutions are faithfully meeting the requirements of different communities across the U.S., assisting in distributing private investment to areas which need it, and identifying and stopping discriminatory lending activity.

This month, the Federal Reserve Bank of Philadelphia used 2015-2017 HMDA data to [determine](#) that low and medium-income individuals, women, as well as people of color experience increased rates of mortgage denial.

The CFPB publishes loan data every year to inform real estate stakeholders about these trends. After seeking public comment on the new disclosure rules, the Bureau unveiled changes to protect individuals' privacy.

"The Bureau determines that public disclosure of the unmodified loan-level dataset, as a whole, would create risks to applicant and borrower privacy interests and that the loan-level HMDA data must be modified before the data is disclosed to the public," reads the new guidance document.

While CFPB takes steps to anonymize customer data through a technique called hashing, or the transformation of different values into long, randomized collections of characters using math, public comments submitted to CFPB explained how that approach had limits.



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A group of industry commentators informed the CFPB that disclosed loan information could potentially be used to re-identify key details about individuals and in turn make them targets of predatory lending practices.

Additional information fields introduced in 2015 only increased that risk, according to submitted comments. The CFPB found that its changes "will minimize the attractiveness of the HMDA data for harmful purposes, and so will reduce any incentives for adversaries to re-identify the data."

A CFPB press release on Friday explained that "the Bureau [CFPB] intends to exclude certain data from the public HMDA data, including the property address and applicant's credit score. The Bureau also intends to disclose certain information with reduced precision, such as by disclosing ranges rather than specific values for an applicant's age, the amount of the loan, and the number of units in the dwelling."

Earlier in December, the CFPB [unveiled its new leader](#), Kathy Kraninger, who replaced Office of Management and Budget Chief (and President Trump's new Chief of Staff) Mick Mulvaney. It also launched a [beta version of a new platform](#) which allows financial institutions to submit HMDA loan info online, which aims to help smaller banks get familiar with the new system and verify compliance of sample data.

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