Disclosure and Privacy:
A Delicate Balance

Fannie Mae

Balancing Mortgage Securities' Disclosure Requirements and Data Privacy

Fannie Mae is required by law to disclose to potential investors information related to the mortgage securities that it issues to the public. Since our first MBS issuance in 1981 and our first CRT issuance in 2013, the amount of information that Fannie Mae makes available to the public with respect to the underlying mortgage loans backing these securities has steadily increased.

The information disclosed by Fannie Mae includes, among other things, Fannie Mae's corporate structure, our capital adequacy, our regulators, the trust structure under which the securities will operate, relevant tax considerations and the characteristics of the actual mortgage loans backing the associated securities.

At the same time, mortgage-related disclosures may present data privacy concerns; specifically, a potential risk that certain disclosed information may be combined with other publicly available data leading to the ability to identify individuals—in our case, individual borrowers.

About Us

Fannie Mae is a government-sponsored enterprise (GSE), and a critical player in residential mortgage finance in the United States. We purchase mortgages from lenders and help to facilitate the flow of capital into the housing market by issuing mortgage-related securities, including mortgage-backed securities (MBS) and credit risk transfer (CRT) securities. Fannie Mae strives to make sure affordable housing is available to homeowners, homebuyers, and renters across the country and achieves this with the help of its housing partners.

In 2014, the SEC took action to reduce the risk that data disclosed by companies could create privacy concerns for individuals. It revised Regulation AB, which provides detailed requirements for public issuers of asset-backed securities. Based on comments received, the SEC revised the required disclosures by reducing the amount of potentially sensitive data disclosed and the potential risk that borrowers could be identified. Since Fannie Mae's Charter Act provides that its mortgage-backed securities are "exempted securities" under federal securities laws, Fannie Mae is not obligated to follow Regulation AB, but is nevertheless required to disclose all material information with respect to the mortgage loans backing its securities and uses Regulation AB to help guide its own disclosure practices.

Additionally, in the absence of a comprehensive United States privacy law for the handling and protection of individual information, Fannie Mae also references the data protection requirements of the Gramm Leach Bliley Act for guidance as it continuously refines its disclosure strategy.

Our Approach to Disclosure Continues to Evolve

Fannie Mae remains committed to providing market participants with the necessary data to adequately evaluate loan and security performance. Attributes that would seem not to be identifiable to an individual borrower may be matched with data that is either available to the public or available for purchase, resulting in the potential of borrower deanonymization. Examples of publicly available sources for this information could include driving, property, and court records.

As we contemplate any new disclosures, we evaluate the potential implications for borrower privacy. We strive to find methods to reduce the possibility of borrower identification by either modifying, masking or not disclosing certain data points. In addition, we periodically review our disclosures holistically to evaluate the potential of borrower deanonymization. Fannie Mae has completed two extensive privacy studies, resulting in modifications to our data disclosures to address privacy concerns. These changes included:

- Rounded original mortgage loan amount and original unpaid principal balance (UPB) to the nearest thousand (MBS and CRT respectively)

- Rounded current investor loan UPB to the nearest thousand for the first six months of the loan for MBS; current actual UPB masked for the first six months of the loan for CRT

- Truncated date fields to month and year only, eliminating the day field (MBS and CRT)
- Limited zip code to three digits (provided only for CRT)

As Fannie Mae continues to evaluate the market's requests for additional data disclosures, we also monitor the uptick in publicly available consumer data, alongside the growing capabilities of third parties to link securities disclosure data with other public sources, making potential identification of borrowers and their property addresses easier. We are also cognizant that such linkages may be used for reasons other than investing in Fannie Mae securities. As data analysis and regulations evolve, so too must Fannie Mae. We are dedicated to both the needs of our investor community and the protection of the borrowers of our mortgage loans and as such, strive to develop creative solutions to provide the market with relevant, mortgage-related information while managing the delicate balance between privacy and transparency.

What Can You Do?

As a user of our data, you must comply with the applicable Terms and Conditions and with the laws and regulations governing the access, handling, and use of the data. Specific to privacy, you are also prohibited from reverse engineering data to derive information about individuals. You are in the best position to recognize areas where borrower privacy is at risk. Our request is for market participants to help us protect borrower privacy by sharing observations or concerns around practices of borrower re-identification and by providing feedback on disclosed attributes that have a higher propensity for borrower deanonymization. We also welcome ideas for different approaches that provide additional insights into our securities desired by investors while also protecting borrower privacy. We all need to do our part to keep the industry functioning well on all fronts, including privacy. We welcome the collaboration and encourage you to submit your feedback **here**.

Tools & Applications

Fannie Mae is committed to providing market participants with information and tools to support their needs.

There are multiple ways to access our MBS and Loan Performance Data, either directly through Fannie Mae or via authorized redistributors, visit our webpage for details.

With tools like PoolTalk®, DUS Disclose®, Data Dynamics® and the Exchange® our goal is to provide the greatest possible transparency into the vast amount of data that we make available to the market.

- **PoolTalk:** Designed for Single-Family securities, offers access to disclosure data, including at-issuance and monthly data, legal documents, consumable data files and search capabilities for Uniform Mortgage-Backed Securities (UMBS), MBS, Supers®/Megas®, Stripped Mortgage-Backed Securities (SMBS), and Real Estate Mortgage Investment Conduits (REMICs).

- **DUS Disclose:** Designed for Multifamily securities, offers access to disclosure data, including at-issuance and monthly data, legal documents, consumable data files and search capabilities for MBS, Megas, and REMICs.

- **Data Dynamics:** Designed to help users easily evaluate and analyze our data. Includes a variety of MBS tools, Single-Family CRT deal issuance and ongoing disclosure data as well as Single-Family and Multifamily historical loan performance datasets.

- **The Exchange:** Designed as a free public data and API platform that provides access to quality housing and economic data.