U.S. Department of Housing and Urban Development

HUD Family Housing

Privacy Impact Assessment (PIA)

A8OH SMART (Single Family Mortgage Asset Recovery Technology)

National Servicing Center

24 July 2017

Abstract

The SMART Business Service Provider is owned by HUD and operated by a contractor, which provides loan servicing on various levels of service for Single Family Secretary owned subordinate mortgages. SMART is the loan servicing portal utilized for various subordinate mortgages and is the depository for security instruments of the same the document custodian. SMART is used to provide servicing to 10 different types of loans: PARTIAL CLAIMS, GOOD NIEGHBOR NEXT DOOR, SECRETARY HELD (old assignment program), 235 INSURED, NEHIMIAH, ASSET CONTROL AREA ENFORCEMENT/COMPLIANCE, HOPE FOR HOMEOWNERS PROGRAM, EMERGENCY HOMEOWNERS LOAN PROGRAM and PURCHASE MONEY MORTGAGES. The system is used to track the performance of certain steps related to loan servicing, bankruptcy and foreclosure. Additionally, SMART is used to perform mortgage releases, and does so in conjunction other supporting Technologies. A customer service element is also a part of SMART, allowing for tracking of problem resolution for inquires related to FHA insured loans. SMART went from on premise deployment to AWS Cloud based solution when the Loan Servicing Contractor last changed, September 29, 2014. This allowed the use of a FEDRAMP system to house the SMART application. There were no changes to the use of the data in this migration process. All components of the SMART (A80H) system are hosted in Amazon Web Services which provides better compliance, with greater redundancy and flexibility at lower cost.

Overview

The SMART System is a loan servicing system used to provide various levels of service for single family home loans and Secretary Held loans. It provides limited servicing for various other loans and acts as a custodian and provides release and limited servicing to still other loans. SMART is used to provide servicing to 10 different types of loans. To service these loans, the information checked below is needed to identify the borrower and the property.

- PARTIAL CLAIMS
- GOOD NIEGHBOR NEXT DOOR
- SECRETARY HELD (old assignment program)
- 235 INSURED
- NEHIMIAH
- ACA ENFORCEMENT/COMPLIANCE
- ACA PMM
- HOPE FOR HOMEOWNER'S
- EMERGENCY HOMEOWNER'S LOAN PROGRAM

The SMART system supports all loan processing and customer service functions related to HUD's FHA Insured and Secretary-Held first, second and subordinate notes and mortgages. Data is input into the SMART system by users creating individual records through a series of Wizards and general input screens. Data is output from the system is provided to General Ledger Division, Cash Management and Investment Staff, FHASL P013, Internal Revenue Service and the National Servicing Center via reports. SMART also interfaces with the A43C Claims system to receive loan information when a partial claim (Type 33) is paid on a FHA case number. Such notification generates new loan activity for the portfolio type or modification to the existing loan

in SMART as a multiple claim. The general users of the system are servicing personnel employed by the loan servicing contractor. The general users provide all aspects of servicing functions within the SMART system. Additionally, certain HUD employees have access to the system for review purposes and customer service related functions. The SMART system **streamlines the process of managing the aforementioned loan portfolios. The SMART system allows users to search and revieTAiloan Eormation, OfeVosure and bankruptcy activity,** process disbursement data to Cash Management and Investment Staff, collections, run reports, send servicing letters, track and provide insight for various other loan servicing activities.

Information collected is from either a borrower or other HUD system for one of the aforementioned portfolios as set forth in the System Description.

Personal information being collected:

Personal Identifiers:	Name, SSN, FHA Case Number
Personal/ Sensitive Information:	Home address, home telephone number, personal email address, alternate phone numbers, POA's; Borrower/Co-borrower name, bankruptcy status records
User **Log-in Credentials**	**HUD** Employee and Contractor Employee User ID and passwords

The security safeguards, administrative controls, and professionalism applied by SMART officials serves to further protect individual privacy rights. The **system offers equitable risk** assessment using a secure encrypted network for system access; however, it is the enforcement of and issuing of training, policies and procedures and laws that govern the **protection of the data that ultimately protect individual privacy rights. SMART** is also a client/server application developed with PowerBuilder, including the PowerBuilder Foundation Classes (PFC) and the descendant PowerBuilder Foundation Extension (PFE) classes. The PFC and PFE provide, among other functionality, robust, integrated security features which are tied directly into the system database. All information is transmitted to and from the SMART (A80H) system via Secure FTP. SMART (A80H) transmits and receives information from the A43C and P013 HUD systems via reports generated by HUD and SMART. SMART transmits data to Cash Management and Investment Staff for reporting to Treasury and receives information from Banko® Solutions a LexisNexis server provider via Novad Management Consulting (Loan Servicing Contractor), which uses the Banko service to enable SMART to review bankruptcy filings and bankruptcy statuses for loans housed in SMART.

Risks in areas such as natural, environmental, human intentional and human unintentional threats were assessed. The assessment found that identified risks could be fully mitigated through the implementation of security controls specified in the Results Detailed Section of the *Single Family Mortgage Asset Recovery Technology (SMART)* Risk Assessment.

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The results of *the **Single Family Mortgage Asset Recovery Technology (SMART)*** Risk Assessment indicated that the risks to system resources in the areas of Management, Operational, and Technical controls are as follows:

- **Management Controls:** The most significant management control related risks include: there are no significant management controls at risk.

- **Operational Controls:** Significant operational control risks include: there are no significant operational controls at risk.

- **Technical Controls:** The most significant technical control risks include: staying up to date on operating system and application patches due to zeroday exploits.

Section 1.0 Authorities and Other Requirements

The system is maintained in accordance Sec. 204, National Housing Act, 12 U.S.C. 1710(a) in general. The SMART system does not collect SSN data. SSN data is provided to the SMART system from the A43C HUD system. The HUD System A43C's authority to collect SSN data is U.S. Housing Act of 1937 as amended **(Pub.** L. 75-412); National Housing Act of 1934; 24 CFR 203.35 (2013); 24 CFR 200.6 (2013); and 24 CFR 5.216 (2013).

1.2   What Privacy Act System of Records Notice(s) (SORN(s)) apply to the intbrmation?

The last SORN published for Single Family Mortgage Asset Recovery Technology (SMART): 75 FR 34756-34757. June 18, 2010.

1.3   Has a system security plan been completed for the information system(s) supporting the project?

The last Authority to Operate and System Security Plan was granted on 12/24/2014. The next one is expected to be awarded December 24, 2017

1.4. Does a records retention schedule approved by the National Archi\ es and Records Administration (NARA) exist?

Yes, the SMART information is archived electronically. Information is retained, used and disposed of in adherence Are in accordance with HUD Records Disposition Schedule 2225.6, Appendix 20. At system retirement, records may be retained at the Fedail Records Center. Paper base records are destroyed by shredding. Electronic records are purged or deleted from the system when eligible to be destroyed using one of the methods described by the NIST SP 800-88 "Guideline for media Sanitization". The retention schedule been approved by the component records officer and the National Archives and Records Administration (NARA) and in accordance with HUD Handbook 2225.6

1.5. If the information is covered by the Papemork Reduction Act (PRA), provide the OMB Control number and the agency number for the collection. If there are multiple forms, include a list in an appendix.

N/A for SMART. The A8OH SMART System does not collect PII directly from respondents. Initial PRA requirements and notice is given when a loan is processed

Section 2.0 Characterization of the Information

The following questions are intended to define the scope of the information requested and/or collected, as well as reasons for its collection.

2.1 identify the information the project collects, uses, disseminates. or maintains.

Information is collected from persons who are participating in one of the National Loan Servicing Center Programs managed by HUD as set forth in the System Description to include: Borrower's name, Co-borrower's name, social security number, loan number, property address, home telephone, personal email address, telephone number, FHA case number and bankruptcy status data. SMART does not collect information directly from the mortgage holder. There is a presumption that all information transferred into SMART from other HUD systems has been verified as correct. Log-in credentials identifications (HUD employee/contractor User ID and passwords) are also shared with and maintained by SMART to verify the use has been authenticated.

2.2 What are the sources of the inthrmation and how is the information collected for the project?

Records in SMART are obtained from other originating HUD sources systems that pass information to SMART system. SMART (A80H) transmits and receives information from the A43C and P013 HUD systems via reports generated by HUD and SMART. SMART transmits data to Cash Management and Investment Staff for reporting to Treasury and receives information from Banko® Solutions a LexisNexis server provider via Novad Management Consulting (Loan Servicing Contractor), which uses the Banko service to enable SMART to

review bankruptcy filings and bankruptcy statuses for loans housed in SMART. The SMART system does not co_lect any PII directly from individuals.

2.3   Does the project use information from commercial sources or publicly available data? If so, explain why and how this information is used.

N/A, SMART does not use and commercial or publicly available data

> •accuracy of the data is ensured.

A8OH SMART relies on data provided by other HUD source system, which rely on records provided to HUD by approved lenders who are required to provide accurate information.

The business and/or individuals providing to HUD for SMARTS use are required to sign a statement certifying under penalty of perjury that the information provided by form applications and electronically are complete, accurate, and correct. In addition, SMART relies upon the source systems to ensure that their data transmissions to SMART are complete, accurate and correct.

2.5   <u>Privacy Impact Analysis:</u> Related to Characterization of the Information

Privacy Risk: There is a risk that A8OH SMART may collect more information than is necessary and relevant to the accomplishment of its mission.
<u>Mitigation:</u> The A8OH SMART system performs a broad scope of loan management functions, thus requiring a large amount of information. All data collected about HUD loans is limited to only that information necessary to complete loan processing and business functions. This risk is mitigated through the provision of training to A8OH assigned employees on the collection of only the necessary and appropriate PII for performing the tasks associated with each application/component. PH is collected to enable positive identification so that the individual is not erroneously identified as or linked to another individual. Given the variety of functions for which it was designed, it is not possible to further mitigate this risk.
<u>Privacy Risk:</u> Since information is pulled from a separate system, rather than directly from individuals, there is a privacy risk that information about individuals may be inaccurate.
<u>Mitigation:</u> This risk is mitigated through the provision of access for each A8OH employee to the HUD HERMIT system to review, update, and correct information in the source system. The system updates daily to ensure refresh occurs in a timely manner.

Section 3.0 Uses of the Information

The following questions require a clear description of the project's use of information.

'   Describe how and why the project uses the information.

The SMART system is utilized for accounting level detail on forward and subordinate mortgages; inclusive of its case-tracking ability; report generating capability; query functions; database management, analyzing, processing, and tracking of Federal Housing Administration

(FHA) Insured and Secretary-held first, second and subordinate note and mortgage loan servicing functions. All information collected is used solely for this purpose.

x	**Loan servicing (collections/refunds and default servicing, document tracking/custodian)**
X	**Loan default tracking- Loans where the insured first mortgage terminates or a due and payable event occurs. (Some debt is then transferred to Financial Operations Center when the first mortgage terminates Partial Claims only.)**
X	**Comment: The information required and used by SMART is for the purpose of servicing various loans, and tracking those in default. This is a standard loan servicing operation. The items not marked do not apply to our area of loan servicing.**

3.2   Does the project use technology to conduct electronic searches, queries, or analyses in an electronic database to discover or locate a predictive pattern or an anomaly? If so, state how HUD plans to use such results.

The A8OH SMART system does not use technology to conduct searches on outstanding HUD and FHA loans in order to discover or locate a predictive pattern or anomaly.

3.3   Are there other program office with assigned r, s and responsibilities within the system?

Yes. General Ledger Division at HUD Headquarters- Read Only access. As part of the FHASL Interface process, the SMART-SINGLE FAMILY NOTES (A80H) Extract File is used as input to the P013 Interface Subsystem for the purpose performing validations, database load, and translation before being passed to FHASL System. The General Ledger Division's assigned accountant requires access to be able to review details of transactions at loan level periodically.

3.4   Privacy Impact Analysis: Related to the Uses of Information

Privacy Risk: There is a privacy risk of unauthorized access and inappropriate use and dissemination of the information maintained in A8OH SMART.
Mitigation: This risk is mitigated through A8OH SMART's protection of PII through the implementation of security groups within the Microsoft Active Directory. Employees requiring access to SMART are given written authorization from appointed business owner(s) using the SMART Access Request Form. The SMART application has a robust audit trail that logs any action by users and administrators. The system also locks sessions after 15 minutes of inactivity, limits access to authorized individuals, prevents account access after three unsuccessful login attempts, and warns users that unauthorized, improper use or access to the system may result in disciplinary action as well as civil and criminal penalties. Additionally, all searches and information received are kept in the system log files for audit and quality control purposes.

Section 4.0 Notice

The following questions seek information about the project's notice to the individual about the information collected, the right to consent to uses of said information, and the right to decline _to provide information__

4:1 How does the project provide individuals notice prior to the collection of information? If notice is not prOvided,, explain why not.

The A8OH SMART System does not collect PII directly from respondents. Initial notice is given when a loan is processed. When a new Partial Claim loan is boarded (processed) from the A43C to SMART, the loan servicing contractor is required to send a Welcome letter to the borrower advising that they are the servicer for the subordinate lien on behalf of HUD.

+.2 What opportunities are available for individuals to consent to uses, decline to provide information, or opt out of the project?

NA.

4.3 Privacy Impact Analysis: Related to Notice

Privacy Risk: There is no risk that individuals identified as emergency points of contact will not receive notice that HUD is collecting, maintaining, and using their information. When HUD receives a new loan or transfers a loan, notification is sent to the property address by the Loan Servicing Contractor.

Mitigation: A8OH SMART System of Records does not provide notice of HUD's collection of information for loan management and processing, for individuals identified as borrowers and emergency points of contact. The notification is sent by the Loan Servicing Contractor. Additionally, borrowers are advised to provide notification to their emergency points of contract that their contact information will be maintained by HUD. This PIA provides similar notice to the general public as to the collection and use of the information for this purpose.

Section 5.0 Data Retention by the project

The following questions are intended to outline how long the project retains the information after the initial collection.

I Explain how long, and for what reason the information is retained.

A8OH SMART information is archived electronically. Information is retained, used and disposed of in adherence Are in accordance with HUD Records Disposition Schedule 2225.6, Appendix 20. At system retirement, records may be retained at the Federal Records Center. Paper base records are destroyed by shredding. Electronic records are purged or deleted from the system when eligible to be destroyed using one of the methods described by the NIST SP 800-88

"Guideline for media Sanitization". The retention schedule been approved by the component records officer and the National Archives and Records Administration (NARA) and in accordance with HUD Handbook 2225.6

˙5.2˙˙˙Privacy˙Impact˙Analysis:˙Related to Retention

Privacy Risk: There is a risk that data will be retained for longer than is required in

A8OH SMART.

Mitigation: This risk is mitigated through the provision of proper records retention training to

all system users and the periodic auditing of the system. The information maintained within the

A8OH SMART application will be retained in accordance with approved records schedules

Section 6.0 Information Sharing

The following questions are intended to describe the scope of the project information sharing external to the Department. External sharing encompasses sharing with other federal, state and local government, and private sector entities.

6.1   is information shared outside of HUD as part of the normal agency operations? if so, identify the organization(s) and how the information is accessed and how it is to he used.

Information may be shared with BANKO for Bankruptcy verification as explained above.

Banko® Solutions a LexisNexis server provider via Novad Management Consulting (Loan Servicing Contractor), which uses the Banko service to enable SMART to review bankruptcy filings and bankruptcy statuses for loans housed in SMART

6.2   Describe how the external sharing noted in 6.1 is compatible with the SORN noted in Section 17, routine uses.

In accordance with SORN section 17, information may be shared, "To appropriate agencies, entities, and persons to the extent such disclosures are compatible with the purpose for which the records in this system were collected, as set forth by Appendix I2 — HUD's Library of Routine Uses published in the Federal Register on (77 FR 41996, July 17, 2012);"

6.3   Does the project place limitations on re-dissemination?
No

6.4   Describe how the project maintains a record of any disclosures outside of the Departme: .

All routine sharing is documented and a log is maintained for each record that identifies **when and with whom the information was shared. Only FOIA and/or Privacy Act request are released through the HUD FOIA office. The HUD FOIA office maintains all records and manages all FOIA** releases.

6.5   Privacy Impact Analysis: Related to Information Sharing

Privacy Risk: To the extent that information may be released pursuant to any routine uses, there is a privacy risk that PII may be disclosed outside of the Department for the purpose that is inconsistent with the original collection of data

Mitigation: To mitigate this risk, disclosure may be made only by authorized A8OH SMART employees requiring a need to know in the furtherance of their respective duties. Authorized A8OH SMART employees may only share information pursuant to routine uses specified in the SORNs listed in Section 1.2. Authorized A8OH users of the system document the dissemination of information obtained from the system in a memorandum of record. In addition, system administrators conduct periodic reviews of audit logs which report instances of user login, logoff, login failures, data access failure or success instances, and who accessed the data along with what activity was performed while logged in. Any anomalies are reported to the project manager, who in turn verifies and validates anomalies with business owner(s). If nefarious acts are suspected, they are reported in accordance with the A8OH Incident Response Plan.

Section 7.0 Redress
7.1   The following questions seek information about processes in place for individuals to seek redress which may include access to records about themselves, ensuring the accuracy of the information collected about them, and/or filing complaints.

7 1   What are the procedures that allow individuals to access their information?

FOIA notice procedures are on the Department's FOIA website:
https://portal.hud.gov/hudportal/HUD?src=/program offices/administration/foia/requests

Additional access procedures are-documented-by the-offieial-source systems-and SMART SORN. Actions should follow the Department's guidelines identified within each SORN. The request should be submitted to the Department's FOIA office address below.

U.S. Department of Housing and Urban Development
Freedom of Information Act Office
451 7th Street, SW, Room 10139
Washington, DC 20410-3000
Facsimile: (202) 619-8365

7.2   What procedures are in place to allow the subject individual to correct inaccurate or erroneous information?

The redress/access procedures for correcting inaccurate or erroneous information will be handled in the same manner as described by section 7.1.

Individuals seeking to correct inaccurate or erroneous information may begin by requesting their information via FOIA request. **See HUD's Freedom of Information Act Handbook (HUD Handbook .1327.1 at www.hudclips.org)**

7.3   How does the project notify individuals about the procedures for correcting their information?

The procedure for submitting a request to correct information is outlined in this PIA in Questions 7.1 and 7.2.

7.4   Privacy Impact Analysis: Related to Redress

Privacy Risk:

There is minimal privacy risk related to redress because individuals can request correction of inaccurate information by contacting the A8OH SMART Helpdesk. A supervisor is required to verify and make appropriate changes if an individual feels his/her information is inaccurate. Loan Holders may also contact HUD helpdesk for assistance.

Section 8.0 Auditing and Accountability

The following questions are intended to describe technical and policy based safeguards and security measures.

8.1   How does the project ensure that the information is used in accordance with stated practices in this PIA?

The A8OH SMART application employs technical controls, including role-based access and audit logs, to ensure that information is used in accordance with the stated practices in this PIA. An individual must have a valid and active HUD NT Domain network account to access SMART. There are also technical safeguards, such as the use of client software installed on work stations that requires a valid approved user identification and password. This data is maintained in the SMART Application Database, and a back-up copy is maintained at a geographically separate location.

c)._ Describe the privacy training that is provided to users either generally or .;pecifically relevant to the project.

All employees are required to read, be familiar with, and sign a HUD Rules of Behavior prior to beginning work. Additionally, there is annual privacy and cyber security training that is mandatory.

8.3   What procedures are in place to determine which users may access the information and how will the project determine who has access?

All access is role based. Prior to receiving access an employee's manager must submit a SMART Access Request form that explicitly dictates the role and access for the employee. There are several checks and balance. Once the manager submits the access request form t the System Security Officer he/she will review the form for completeness and accuracy to ensure the request reflects the actual job requirements of the new employee. Anytime an employee's responsibilities change, a new access request form must be submitted to document the change.

8.4

How does the project review and approve information sharing agreements, MOUs, new uses of the information, new access to the system by organizations within HUD and outside?

Existing and new MOUs, internal HUD interconnections, and new uses of information would be reviewed by appropriate HUD officials, and the respective program office. Contractual arrangements between HUD and service providers. There is currently no agreement in place between HUD and IRS. There are currently agreements in place with the IRS with other HUD systems. We are pursuing to add SMART to one of the existing agreements.
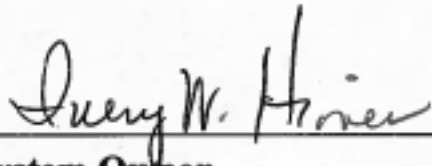
Document Endorsement

I have carefully assessed the Privacy Impact Assessment (PIA) for **Single Family Mortgage Asset Recovery Technology (SMART).** This document has been completed in accordance with the requirement set forth by the E-Government Act of 2002 and OMB Memorandum 03=22 which requires that "Privacy Impact Assessments" (PIAs) be conducted for all new and/ or significantly altered IT Systems, and Information Collection Requests.

ENDORSEMENT SECTION

Please check the appropriate statement.

_____ **The document is accepted.**

_____ **The document is accepted pending the changes noted.**

_____ **The document is not accepted.**

Based on our authority and judgment, the data captured in this document is current and accurate.

_____   11/9/17
System Owner   **Date**

Ivery Himes, Director
Office of Single Family Asset Management

FELICIA JONES Digitally signed by FELICIA JONES
Date: 2017.11.07 14:19:15 -06'00'
_____   _____
Program Area Manager   **Date**

Felicia B. Jones, Deputy Director NSC
Office of Single Family Asset Management

_____   _____
Helen Goff Foster   **Date**

Senior Agency Official for Privacy and Chief FOIA Officer

Office of Administration

U. S. Department of Housing and Urban Development