PRIVACY IMPACT ASSESSMENT (PIA) FOR:
"FHA TOTAL (TECHNOLOGY OPEN TO APPROVED LENDERS)
MORTGAGE SCORECARD"
(OMB Control# 2502-0556)
September 2004

NOTE: See Section 2 for PIA answers, and Section 3 for Privacy Advocate's determination.

SECTION 1: BACKGROUND

Importance of Privacy Protection – Legislative Mandates:
HUD is responsible for ensuring the privacy and confidentiality of the information it collects on members of the public, beneficiaries of HUD programs, business partners, and its own employees. These people have a right to expect that HUD will collect, maintain, use, and disseminate identifiable personal information only as authorized by law and as necessary to carry out agency responsibilities.

The information HUD collects is protected by the following legislation and regulations:
*   Privacy Act of 1974, as amended affords individuals the right to privacy in records that are maintained and used by Federal agencies. (See http://www.usdoj.gov/foia/privstat.htm; see also HUD Handbook1325.1 at www.hudclips.org);
*   Computer Matching and Privacy Protection Act of 1988 is an amendment to the Privacy Act that specifies the conditions under which private information may (or may not) be shared among government agencies. (See http://www.usdoj.gov/foia/privstat.htm);
*   Freedom of Information Act of 1966, as amended (http://www.usdoj.gov/oip/foia_updates/Vol_XVII_4/page2.htm) provides for the disclosure of information maintained by Federal agencies to the public, while allowing limited protections for privacy. See also HUD's Freedom of Information Act Handbook (HUD Handbook 1327.1 at www.hudclips.org);
*   E-Government Act of 2002 requires Federal agencies to conduct Privacy Impact Assessments (PIAs) on its electronic systems. (See http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_public_laws&docid=f:publ347.107.pdf; see also the summary of the E-Government Act at http://www.whitehouse.gov/omb/egov/pres_state2.htm);
*   Federal Information Security Management Act of 2002 (which superceded the Computer Security Act of 1987) provides a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations and assets, etc. See also the codified version of Information Security regulations at Title 44 U.S. Code chapter 35 subchapter II (http://uscode.house.gov/search/criteria.php); and
*   OMB Circular A-130, Management of Federal Information Resources, Appendix I (http://www.whitehouse.gov/omb/circulars/a130/appendix_i.pdf) defines Federal Agency responsibilities for maintaining records about individuals.

Access to personally identifiable information will be restricted to those HUD staff who have been authorized because of their duties; and they will be held accountable for ensuring privacy and confidentiality.

What is the Privacy Impact Assessment (PIA) Process?
The Privacy Impact Assessment (PIA) is a process that evaluates issues related to the privacy of personally identifiable information in electronic systems. See background and questions to answer at: http://www.hud.gov/offices/cio/privacy/pia/pia.cfm. Personally identifiable information is defined as information that actually identifies an individual, e.g., name, address, social security number (SSN) or other identifying number or code, financial information, telephone number, email address, etc. Of particular concern is the combination of multiple identifying elements. For example, knowing name + SSN + birth date + financial information would pose more risk to privacy than just name + SSN alone.

The PIA:
- Identifies the type of personally identifiable information in the system (including any ability to combine multiple identifying elements on an individual);
- Identifies who has access to that information (whether full access or limited access rights); and
- Describes the administrative controls that ensure that only information that is necessary and relevant to HUD's mission is included.

Who Completes the PIA?
Both the program area system owner and IT project leader work together to complete the PIA. The system owner describes what personal data types are collected, how the data is used, and who has access to the personal data. The IT project leader describes whether technical implementation of the system owner's requirements presents any risks to privacy, and what controls are in place to restrict access of personally identifiable information.

When is a Privacy Impact Assessment (PIA) Required?

1. New Systems: Any new system that will contain personal information on members of the public requires a PIA, per OMB requirements (this covers both major and non-major systems).

2. Existing Systems: Where there are significant modifications involving personal information on members of the public, or where significant changes been made to the system that may create a new privacy risk, a PIA is required.

3. Information Collection Requests, per the Paperwork Reduction Act (PRA):
Agencies must obtain OMB approval for new information collections from ten or more members of the public. If the information collection is both a new collection and automated, then a PIA is required.

Privacy Act. The Privacy Act of 1974, as amended (http://www.usdoj.gov/foia/privstat.htm) requires that agencies publish a Federal Register Notice for public comment on any intended information collection. Privacy Act Systems of Records are created when information pertaining to an individual is collected and maintained by the Department, and is retrieved by the name of the individual or by some other identifying number, symbol, or other identifying particular assigned to an individual. The E-Government Act of 2002 requires PIAs for electronic systems as well as information collection requests that are automated. So, there is a relationship between the new PIA requirement (when automation is involved) and the long-standing Privacy Act System of Records Notices (for both paper-based and automated records that are of a private nature). For additional information, contact the Departmental Privacy Act Officer in the Office of the Chief Information Officer.

Publication of PIA summary. The E-Government Act of 2002 requires that the analysis and determinations resulting from the PIA be made publicly available. The Privacy Act Advocate in HUD's Office of the Chief Information Officer (OCIO) is responsible for publishing the PIA summary on HUD's web site. See: http://www.hud.gov/offices/cio/privacy/pia/pia.cfm.

SECTION 2 – COMPLETING A PRIVACY IMPACT ASSESSMENT

Please submit answers to the Departmental Privacy Act Advocate in Office of the Chief Information Officer (OCIO). If any question does not apply, state Not Applicable (N/A) for that question, and briefly explain why it is not applicable.

Program Area: Office of Housing
Subject matter expert in the program area: James A. Beavers, Director, Home Mortgage Insurance Division, 202-708-2121
Program area manager: Vance Morris, Director, Office of Single Family Program Development, 202-708-2121
IT Project Leader: Matthew McCants, 202-708-1587

For IT Systems:
- **Name of system:**
- **PCAS #:**
- **OMB Unique Project Identifier # (if submitting an Exhibit 300 to OMB):**

For Information Collection Requests:
- **Name of Information Collection Request:** FHA TOTAL (Technology Open To Approved Lenders Mortgage) Scorecard
- **OMB Control #:** 2502-0556

Question 1: Provide a brief description of what information is collected.
Over 1 million people a year get an FHA loan, by applying through an FHA-approved lender. The lender collects standard loan application information, and submits that via the FHA Connection web site for approval by HUD (see http://www.hud.gov/offices/hsg/connect.cfm). The loan application data is then stored in HUD's mainframe computer system, the Computerized Homes Underwriting Management System (CHUMS). Privacy Impact Assessments (PIAs) have already been conducted for FHA Connection and CHUMS (see http://www.hud.gov/offices/cio/privacy/pia/pia05.cfm).

The subject of this PIA is the "FHA TOTAL (Technology Open To Approved Lenders) Mortgage Scorecard" – which is used in conjunction with FHA Connection and CHUMS. The FHA TOTAL Mortgage Scorecard is a mathematical equation for use within an automated underwriting system. To underwrite an FHA loan electronically, the mortgagee must process the request through an automated underwriting system that can communicate with TOTAL. Therefore, TOTAL is a tool to help the lenders evaluate the credit-worthiness of FHA loan applicants, by providing loan default statistics based on profiles of typical loan applicants.

Therefore, the FHA TOTAL Mortgage Scorecard itself does not collect personal information; but instead uses credit and application variables that help predict the likelihood of default on an FHA loan. Any concerns about privacy should be directed to the PIAs for FHA Connection and CHUMS, rather than to the FHA TOTAL Mortgage Scorecard mathematical equation tool.

If this automated system (or Information Collection Request) involves personally identifiable information on members of the public, then mark any of the categories that apply below:

Personal Identifiers:

X	Name
X	Social Security Number (SSN)
	Other identification number (specify type):
X	Birth date
	Home address
	Home telephone
	Personal e-mail address
	Fingerprint/ other "biometric"
X	Other (specify): (NOTE: The loan application data is transmitted from the lender via FHA Connection and stored in CHUMS. The FHA TOTAL Mortgage Scorecard is simply a mathematical equation tool used in conjunction with the lenders' automated underwriting systems, and the loan application data transmitted via FHA Connection and stored in CHUMS. See the PIAs for CHUMS and FHA Connection at http://www.hud.gov/offices/cio/privacy/pia/pia05.cfm).

Personal/ Sensitive Information:

	Race/ ethnicity
	Gender/ sex
	Marital status
	Spouse/ children
X	Financial data (specify type of data, such as salary, Federal taxes paid, bank account number, etc.):
	Employment history
	Education level
	Medical history/ information
	Criminal record
X	Other (specify): (NOTE: The loan application data is transmitted from the lender via FHA Connection and stored in CHUMS. The FHA TOTAL Mortgage Scorecard is simply a mathematical equation tool used in conjunction with the lenders' automated underwriting systems, and the loan application data transmitted via FHA Connection and stored in CHUMS. See the PIAs for CHUMS and FHA Connection at http://www.hud.gov/offices/cio/privacy/pia/pia05.cfm).
	None
	Comment:

Question 2: Type of electronic system or information collection. Fill out Section A, B, or C as applicable.

A. **If a new electronic system (or one in development):** Is this a new electronic system (implemented after April 2003, the effective date of the E-Government Act of 2002)?

X	Yes
	No

B. **If an existing electronic system:** Mark any of the following conditions for your existing system that OMB defines as a "trigger" for requiring a PIA (if not applicable, mark N/A):

	Conversion: When paper-based records that contain personal information are converted to an electronic system
	From Anonymous (Non-Identifiable) to "Non-Anonymous" (Personally Identifiable): When any systems application transforms an existing database or data collection so that previously anonymous data becomes personally identifiable
	Significant System Management Changes: When new uses of an existing electronic system significantly change how personal information is managed in the system. (Example #1: when new "relational" databases could combine multiple identifying data elements to more easily identify an individual. Example #2: when a web portal extracts data elements from separate databases, and thereby creates a more open environment for exposure of personal data)
	Merging Databases: When government databases are merged, centralized, matched, or otherwise significantly manipulated so that personal information becomes more accessible (with special concern for the ability to combine multiple identifying elements)
	New Public Access: When new public access is given to members of the public or to business partners (even if the system is protected by password, digital certificate, or other user-authentication technology)
	Commercial Sources: When agencies systematically incorporate into databases any personal data from commercial or public sources (ad hoc queries of such sources using existing technology does not trigger the need for a PIA)
	New Inter-agency Uses: When agencies work together (such as the federal E-Gov initiatives), the lead agency should prepare the PIA
	Business Process Re-engineering: When altering a business process results in significant new uses, disclosures, or additions of personal data
	Alteration in Character of Data: When adding new personal data raises the risks to personal privacy (for example, adding financial information to an existing database that contains name and address)

C. **If an Information Collection Request (ICR): Is this a new Request that will collect data that will be in an automated system?** Agencies must obtain OMB approval for information collections from 10 or more members of the public. The E-Government Act of 2002 requires a PIA for ICRs only if the collection of information is a new request and the collected data will be in an automated system.

X	Yes, this is a new ICR and the data will be automated
	No, the ICR does not require a PIA because it is not new or automated)

Question 3: Why is the personally identifiable information being collected? How will it be used? Mark any that apply:

Homeownership:

X	Credit checks (eligibility for loans)
X	Loan applications and case-binder files (via lenders) – including borrower SSNs, salary, employment, race, and other information (NOTE: See comments in Question 1 above.)
	Loan servicing (MIP collections/ refunds and debt servicing for defaulted loans assigned to HUD)
	Loan default tracking
	Issuing mortgage and loan insurance
	Other (specify):
	Comment:

Rental Housing Assistance:

	Eligibility for rental assistance or other HUD program benefits
	Characteristics on those receiving rental assistance (for example, race/ ethnicity, # of children, age)
	Property inspections
	Other (specify)
	Comment:

Grants:

	Grant application scoring and selection – if any personal information on the grantee is included
	Disbursement of funds to grantees – if any personal information is included
	Other (specify):
	Comment:

Fair Housing:

	Housing discrimination complaints and resulting case files
	Other (specify):
	Comment:

Internal operations:

	Employee payroll or personnel records
	Payment for employee travel expenses
	Payment for services or products (to contractors) – if any personal information on the payee is included
	Computer security files – with personal information in the database, collected in order to grant user IDs
	Other (specify):
	Comment:

Other uses (specify):

Question 4: Will you share the information with others (e.g., another agency for a programmatic purpose, or outside the government)? Mark any that apply:

	Federal agencies? (specify):
	State, local, or tribal governments?
	Public Housing Agencies (PHAs) or Section 8 property owners/ agents?
X	FHA-approved lenders?
	Credit bureaus?
	Local and national organizations?
	Non-profits?
	Faith-based organizations?
	Builders/ developers?
	Others? (specify):
X	Comment: The lender and the credit reporting agency send us information that allows us to score the loan. All that we send <u>back</u> to the lender is a "yes/no" on the risk assessment, and the reason for the "no" in most cases. There is nothing else sent <u>back</u> to anyone other than the lender, and even then it's only the risk classification of an "accept/approve," or that the lender should refer the mortgage to an individual to manually underwrite.

Question 5: Can individuals "opt-out" by declining to provide personal information or by consenting only to particular use (e.g., allowing their financial information to be used for basic rent eligibility determination, but for not for sharing with other government agencies)?

X	Yes, they can "opt-out" by declining to provide private information or by consenting only to particular use
	No, they can't "opt-out" – all personal information is required
X	Comment: See comments in Question 1 above. Lenders are not required to score a mortgage through TOTAL. However, to obtain the benefits of paperwork reduction and certain credit policy revisions, they must score the loan.

If Yes, please explain the issues and circumstances of being able to opt-out (either for specific data elements or specific uses of the data): NOTE: See comments above.

Question 6: How will the privacy of the information be protected/ secured? What are the administrative and technological controls? Mark any that apply and give details if requested:

	System users must log-in with a password

	When an employee leaves: • How soon is the user ID terminated (1 day, 1 week, 1 month, unknown)? • How do you know that the former employee no longer has access to your system? (explain your procedures or describe your plan to improve):
	Are access rights selectively granted, depending on duties and need-to-know? If Yes, specify the approximate # of authorized users who have either: • Full access rights to all data in the system (specify #)? • Limited/ restricted access rights to only selected data (specify #)?
	Are disks, tapes, and printouts that contain personal information locked in cabinets when not in use? (explain your procedures, or describe your plan to improve):
	If data from your system is shared with another system or data warehouse, who is responsible for protecting the privacy of data that came from your system but now resides in another? Explain the existing privacy protections, or your plans to improve:
X	Other methods of protecting privacy (specify): Only selected HUD staff have access to TOTAL are those who already have been approved to access the Computerized Homes Underwriting Management System (CHUMS).
X	Comment: The lender and the credit reporting agency send us information that allows us to score the loan. All that we send back to the lender is a "yes/no" on the risk assessment, and the reason for the "no" in most cases. There is nothing else sent back to anyone other than the lender, and even then it's only the risk classification of an "accept/approve," or that the lender should refer the mortgage to an individual to manually underwrite.

Question 7: If private information is involved, by what data elements can it be retrieved?
Mark any that apply:

	Name
	Social Security Number (SSN)
	Identification number (specify type):
	Birth date
	Race/ ethnicity
	Gender/ sex
	Marital status
	Home address
	Home telephone
	Personal e-mail address
	Other (specify):
X	Comment: The lender and the credit reporting agency send us information that allows us to score the loan. All that we send back to the lender is a "yes/no" on the risk assessment, and the reason for the "no" in most cases. There is nothing else sent

	back to anyone other than the lender, and even then it's only the risk classification of an "accept/approve," or that the lender should refer the mortgage to an individual to manually underwrite.

Other Comments (or details on any Question above):

SECTION 3: DETERMINATION BY HUD PRIVACY ADVOCATE

This information collection is not a privacy concern because the FHA TOTAL Mortgage Scorecard is simply a mathematical equation tool used in conjunction with the lenders' automated underwriting systems, and the loan application data transmitted via FHA Connection and stored in CHUMS. See the PIAs for CHUMS and FHA Connection at http://www.hud.gov/offices/cio/privacy/pia/pia05.cfm).

 /signed/_____   October 4, 2004
Eric M. Stout   date
Privacy Advocate, Office of the Chief Information Officer
U. S. Department of Housing and Urban Development