



[Docket No. FR-7077-N-12]

Privacy Act of 1974; System of Records

AGENCY: Office of Housing, Office of Single-Family Program Development, HUD.

ACTION: Notice of an Amendment to System of Records.

SUMMARY: Under the Privacy Act of 1974, as amended, the Department of Housing and Urban Development (HUD), Office of Single-Family Program Development is issuing a public notice of its intent to amend the system of records for: Computerized Homes Underwriting Management System (CHUMS) / Loan Application Management System (LAMS). This notice includes a section detailing Federal Housing Administration (FHA) Connection (FHAC), which was described under CHUMS in the 2016 notice. The amendment makes updates to the system of records name, location and system manager, authority, purpose, categories of individuals, categories of records in the system, record source categories, routine uses, policies and practices for storage and retrieval of records, policies and practices for retention and disposal of records, safeguards, record access and contesting procedures and notification procedures. The updates are explained in the “Supplementary Section” of this notice. The existing scope, objectives, business processes, and uses remain unchanged.

DATES: Comments will be accepted on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. The SORN becomes effective immediately, while the routine uses become effective after the comment period immediately upon publication except for the routine uses, which will become effective on the date following the end of the comment period unless comments are received which result in a contrary determination.

ADDRESSES: You may submit comments, identified by docket number **or** by one of the following methods:

Federal e-Rulemaking Portal: <http://www.regulations.gov>. Follow the instructions provided on that site to submit comments electronically.

Fax: 202-619-8365.

Email: www.privacy@hud.gov .

Mail: Attention: Privacy Office; Mr. LaDonne White, Chief Privacy Officer; Office of the Executive Secretariat; 451 Seventh Street, SW, Room 10139; Washington, DC 20410-0001.

Instructions: All submissions received must include the agency name and docket number for this rulemaking. All comments received will be posted without change to <http://www.regulations.gov>. including any personal information provided.

Docket: For access to the docket to read background documents or comments received go to <http://www.regulations.gov> .

FOR FURTHER INFORMATION CONTACT: Mr. LaDonne White; 451 Seventh Street, SW, Room 10139, Washington, DC 20410-0001, telephone number (202) 708-3054 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit

<https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>

SUPPLEMENTARY INFORMATION: HUD amends system of records notice (SORN) for the Computerized Homes Underwriting Management System (CHUMS) / Loan Application Management System (LAMS) and Federal Housing Administration (FHA) Connection (FHAC), to include these substantive changes reflecting the new and modified items listed below and administrative updates to regulatory references along with word and format changes throughout the SORN.

- i. **System Name and Number:** Updated to Single Family Mortgage Insurance Origination System which includes FHA Connection (FHAC), which was previously described as a subsystem of CHUMS without the detail provided in this update.
- ii. **System Location:** Updated to reflect the current locations of CHUMS which migrated from a legacy mainframe environment to Microsoft Azure Federal Cloud service environment.

- iii. **Authority For Maintenance of the System:** Updated to include additional citations for the legal authority for HUD to collect Social Security Numbers, which were inadvertently omitted from the previous SORN.
- iv. **Purpose(s) of the System:** Updated to include more details about FHAC as a sub-system of CHUMS.
- v. **Categories of Individuals Covered by the System:** Updated to reflect records collected from System Users in FHAC, as well as Borrowers and Appraisers in LAMS.
- vi. **Categories of Records in the System:** Updated to detail the categories of records in FHAC, CHUMS and LAMS.
- vii. **Record Source Categories:** Updated to clarify HUD does not collect records in FHAC, CHUMS or LAMS directly from borrowers.
- viii. **Routine Uses of Records Maintained in the System, Including Categories of Users and Purposes of Such Uses:** The routine uses in the previous SORN were numbered. In this update, they are listed by letter. Item (1) was removed as obsolete. Items (4) and (5) were consolidated into single routine use since they are related to the Department of Justice. Item (7) is being split in two to clarify that the use related to Technology Open to Approved Lenders (TOTAL) Scorecard and the National Mortgage Database (NMDB) are separate from the routine use for research and risk management activities related to automated underwriting systems (AUSs) and credit standards. Item (11) was erroneously included in the last SORN and is therefore being deleted. Item (12) is being revised to include all public rosters within CHUMS, not just housing counseling agencies.

Two new Routine Uses are being added. The first new Routine Use (new item L) is specific to CHUMS data and covers a new Computer Matching Agreement (CMA) with the Social Security Administration that includes verification of SSNs and other user data for security purposes.

The second new Routine Use (new item O) is specific to LAMS and covers data sharing with Federal financial regulators, Fair Lending enforcement agencies, and financial institutions for analysis and research to assess program compliance and risks associated with real estate appraisal and other property valuation methods used in Federal housing finance transactions. Recipients may use the data, including analysis and research, in conducting investigations and taking enforcement action (including cases and administrative proceedings) for violations of laws, rules or regulations, and for coordinated policy development and implementation.

Routine Uses (A) through (K) apply to data found in FHAC, CHUMS and LAMS. Routine Uses (L) through (N) apply specifically to CHUMS data, and Routine Use (O) applies specifically to LAMS data.

- ix. **Policies and Practices for Storage of Records:** Updated to remove reference to paper records. The systems only contain electronic records.
- x. **Policies and Practices for Retrieval of Records:** Removed the reference to paper records and replaced “other identification number” with “HUD Roster ID number.” Added Appraiser Roster ID and 203k Consultant Roster ID.
- xi. **Policies and Practices for Retention and Disposal of Records:** Edited to simplify and make more concise
- xii. **Administrative, Technical, and Physical Safeguards:** Updated to reflect the current operating environment for CHUMS in the MS Azure Federal Cloud.

SYSTEM NAME AND NUMBER: Single Family Mortgage Insurance Origination System. HUD/HSNG.03.

SECURITY CLASSIFICATION: Unclassified.

SYSTEM LOCATIONS: The core CHUMS system is in the Microsoft Azure Federal Cloud US East, One Microsoft Way, Redmond, Washington, 98052-6399. FHAC and LAMS are located and backed up on servers housed at the National Center for Critical Information Processing and Storage located at NASA's Shared Services Center, Building 1111, Stennis Space Center, MS 39529-6000.

SYSTEMS MANAGER: Elissa Saunders, Director, Office of Single-Family Program Development, HUD Headquarters; 451 7th ST, SW, Room 9278 Washington, DC 20410-0001. (202) 402-2378; Elissa.O.Saunders@hud.gov.

AUTHORITY FOR MAINTENANCE OF THE SYSTEMS: Title I, Section 2 of the National Housing Act (12 U.S.C. § 1703). Section 202 of the National Housing Act (12 U.S.C. § 1708). Section 203 of the National Housing Act (12 U.S.C. § 1709) Section 255 of the National Housing Act (12 U.S.C. § 1715z-20). 31 U.S.C. § 7701 r 42 U.S.C. § 3543 and 24 CFR Part 200, Subpart U and 24 CFR 203.35.

PURPOSES OF THE SYSTEMS: Federal Housing Administration (FHA) Connection (FHAC) is integrated with HUD's security infrastructure to assign user roles and permissions based on business need. FHAC's function as a security and access management portal includes web pages to collect first and last names, Social Security Numbers (SSNs), dates of birth (DOB), mother's maiden name, work telephone number and email address. All data collected by FHAC for security and access management is stored in Computerized Homes Underwriting Management System (CHUMS).

CHUMS supports HUD and its approved business partners with processing and underwriting applications for single-family mortgages insurance under the National Housing Act. CHUMS provides functionality to track and process cases and manages workloads for HUD field office management. CHUMS functionality enables lenders and HUD in determining eligibility for participation in HUD's single family mortgage insurance program and lets lenders use

Automated Underwriting Systems (AUS) provided by mortgage financial institutions by granting authorized AUS providers access to FHA's Technology Open to Approved Lenders (TOTAL) Scorecard.

Loan Application Management System (LAMS) supports the Federal Housing Administration (FHA) mortgage insurance program by providing automated processing, analysis, and screening of appraisal documentation. LAMS receives and stores appraisal data from the Electronic Appraisal Delivery (EAD) portal in a Mortgage Industry Standards Maintenance Organization (MISMO) Extensible Markup Language (XML) format tailored to HUD specifications. LAMS passes certain data elements onto FHAC and CHUMS to ensure data integrity and provides valuable time savings to lenders by reducing the burden of paper-based delivery and manual data entry processes.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEMS: System Users, HUD business partners (appraisers, inspectors, mortgagee staff underwriters), HUD employees, Mortgagors (Borrowers), Individuals who applied for a mortgage insured under HUD/FHA's single family mortgage insurance programs, including Home Equity Conversion Mortgages (HECM) Non-Borrowing Spouses, Appraisers (both applicants and Appraisers listed on the HUD Appraiser Roster), 203k Consultants (both applicants and 203k Consultants listed on the HUD 203k Consultant Roster), Mortgagee (Lender) Staff including, but not limited to, loan originators, appraisers, underwriters, processors and file clerks, Individuals registering for access to the HUD Housing Counselor Certification Examination, whether or not they become certified, Individuals registering for HUD Certified Housing Counselor certification or housing counseling clients receiving housing counseling from an agency participating in HUD's Housing Counseling Clients.

CATEGORIES OF RECORDS IN THE SYSTEMS: Full name, Social Security Number (SSN), IRS Employer Identification Number (EIN), Appraiser Roster ID number, 203k

Consultant ID number, License Number, Date of Birth (DOB), mother's maiden name, home and/or work telephone number, email address, mailing address (home and/or work) and Agency or organization affiliation, Lender ID, racial/ethnic background (if disclosed), sex (if disclosed), credit scores (FICO® scores), Non-borrowing Spouse status (HECM loans only), mortgage loan terms, including documents used by the lender when underwriting the loan (including, but not limited to paystubs, bank statements, tax returns), Appraiser's license/expiration date, and address, email address, demographic data, Minority Business Enterprise (MBE) Code, 203K Consultant ID number, 203K license number (if applicable), Roster termination date for Appraisers, 203k Consultants, Housing Counselors), business territory/participation state, Nationwide Mortgage Licensing System (NMLS) number, transaction history and/or workload of the individuals using the system, Housing Counseling System (HCS) number, preferred language, and subject property addresses.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

- A. To appropriate agencies, entities, and persons when: (a) HUD suspects or has confirmed that there has been a breach of the system of records; (b) HUD has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, HUD (including its information systems, programs, and operations), the Federal Government, or national security; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with HUD's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.
- B. To another Federal agency or Federal entity, when HUD determines that information from this system of record is reasonably necessary to assist the recipient agency or entity in (a) responding to a suspected or confirmed breach or (b) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its

information systems, programs, and operations), the Federal government, or national security resulting from a suspected or confirmed breach.

- C. To a congressional office from the record of an individual in response to an inquiry from that congressional office made at the request of the individual to whom the record pertains.
- D. To the General Accounting Office (GAO) for audit purposes.
- E. To contractors, grantees, experts, consultants, and the agents thereof, and others performing or working on a contract, service, grant, cooperative agreement, or other agreement with HUD, when necessary to accomplish an agency function related to these systems of records, limited to only those data elements considered relevant to accomplishing an agency function.
- F. To the general public through rosters maintained and published by HUD to look up Appraisers, 203k Consultants, Housing Counselors, and HECM Counselors. The information will be released to any interested person only through a specific Web page on either www.hud.gov or the HUD Exchange designated by HUD. Such disclosures are limited to name, contact information, licensing, and certification status.
- G. To Federal agencies, non-Federal entities, their employees, and agents (including contractors, their agents or employees; employees or contractors of the agents or designated agents); or contractors, their employees or agents with whom HUD has a contract, service agreement, grant, cooperative agreement, or computer matching agreement for: a) detection, prevention, and recovery of improper payments; b) detection and prevention of fraud, waste, and abuse in major Federal programs administered by a Federal agency or non-Federal entity; c) detection of fraud, waste, and abuse by individuals in their operations and programs; d) for the purpose of establishing or verifying the eligibility of, or continuing compliance with statutory and regulatory

requirements by, applicants for, recipients or beneficiaries of, participants in, or providers of services with respect to, cash or in-kind assistance or payments under Federal benefits programs or recouping payments or delinquent debts under such Federal benefits programs. Records under this routine use may be disclosed only to the extent that the information shared is necessary and relevant to verify pre-award and pre-payment requirements prior to the release of Federal funds, or to prevent and recover improper payments for services rendered under programs of HUD or of those Federal agencies and non-Federal entities to which HUD provides information under this routine use.

- H. To Federal agencies, and non-Federal entities, including, but not limited to contractors, grantees, experts, consultants, State and local governments and other research institutions or their parties, and entities and their agents with whom HUD has a contract, service agreement, grant, cooperative agreement, or other agreement, for the purposes of analysis and research to support program operations, management, performance monitoring, evaluation, risk management, and policy development, or to otherwise support the Department's mission. Records under this routine use may not be used in whole or in part to make decisions that affect the rights, benefits, or privileges of specific individuals. The results of the matched information may not be disclosed in identifiable form.
- I. To appropriate Federal, State, local, tribal, or other governmental agencies or multilateral governmental organizations responsible for investigating or prosecuting the violations of, or for enforcing or implementing, a statute, rule, regulation, order, or license, where HUD determines that the information would help in the enforcement of civil or criminal laws and when such records, either alone or in conjunction with other information, indicate a violation or potential violation of law.
- J. To a court, magistrate, administrative tribunal, or arbitrator in the course of presenting evidence, including disclosures to opposing counsel or witnesses in civil discovery,

litigation, mediation, or settlement negotiations; or in connection with criminal law proceedings; when HUD determines that use of such records is relevant and necessary to the litigation and when any of the following is a party to the litigation or have an interest in such litigation: (a) HUD, or any component thereof; or b) any HUD employee in his or her official capacity; or (c) any HUD employee in his or her individual capacity where HUD has agreed to represent the employee; or (d) the United States, or any agency thereof, where HUD determines that litigation is likely to affect HUD or any of its components.

- K. To any component of the Department of Justice or other Federal agency conducting litigation or in proceedings before any court, adjudicative, or administrative body, when HUD determines that the use of such records is relevant and necessary to the litigation and when any of the following is a party to the litigation or have an interest in such litigation: (a) HUD, or any component thereof; or (b) any HUD employee in his or her official capacity; or (c) any HUD employee in his or her individual capacity where the Department of Justice or agency conducting the litigation has agreed to represent the employee; or (d) the United States, or any agency thereof, where HUD determines that litigation is likely to affect HUD or any of its components.
- L. To the Social Security Administration through a computer matching program to verify the eligibility of program participants and applicants in FHA's housing finance programs. (This use is specific to CHUMS data.)
- M. To HUD authorized AUS providers and software companies involved in providing access to TOTAL Scorecard including, but not limited to, Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, financial institutions and software companies to respond to requests for assistance with individual cases submitted to TOTAL Scorecard and for the purposes of research and analysis to enhance program operations and

performance through automated underwriting, credit scoring and risk management. PII data used for research and analysis including the results of the research and analysis must be de-identified and aggregated and may not be disclosed or published. (This use is specific to CHUMS data.)

N. To other Federal agencies, (including but not limited to the Federal Housing Finance Agency (FHFA) and the Consumer Financial Protection Bureau), and their contractor/s through data sharing and other agreements for the purposes of research and analysis of automated underwriting, credit enhance oversight of the mortgage market, inform rulemaking, assess program effectiveness, and to publish de-identified aggregate data and results of research and analysis. (This use is specific to CHUMS data.)

O. To Federal financial regulators, Fair Lending enforcement agencies, and financial institutions (including, but not limited to the Federal Housing Finance Agency (FHFA), Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, Veterans Administration, US Department of Agriculture Rural Development Agency, Consumer Financial Protection Bureau, the Federal Reserve, and the Appraisal Subcommittee) through data sharing agreements and other agreements for the purposes of analysis and research to assess program compliance and risks associated with real estate appraisal and other property valuation methods used in Federal housing finance transactions. Recipients may use the data, including analysis and research, in conducting investigations and taking enforcement action (including cases and administrative proceedings) for violations of laws, rules, or regulations, and for coordinated policy development and implementation. (This routine use is specific to LAMS data.)

POLICIES AND PRACTICES FOR STORAGE OF RECORDS: Electronic only.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS: Records are retrieved by Name and Social Security Number.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Per HUD Schedule Appendix 20 Single Family Home Mortgage Insurance Program Records, item 13B6, and HUD Schedule Appendix 5, Technical Support Records, all records in FHAC, CHUMS and LAMS will be destroyed when superseded or obsolete. Per General Record Schedule 5.2, Item 20, all FHAC, CHUMS and LAMS records are temporary and are to be destroyed upon verification of successful creation of the final document or file, or when no longer needed for business use, whichever is later.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

Administrative Safeguards: The core CHUMS system and all data are maintained simultaneously across multiple data centers within the Microsoft Azure Federal cloud, which are located within FedRAMP security approved facilities. For technical reasons, certain CHUMS databases, FHAC and LAMS are located and backed up on servers housed within secure Federal data facilities and not in the cloud.

Physical Safeguards: Controls to secure the data and protect electronic records, buildings, and related infrastructure against threats associated with their physical environment include, but are not limited to, using cypher and combination locks, key card-controlled access, security guards, closed circuit TV, identification badges, and safes. Administrative controls include encryption of back-up data, back-ups secured off-site, methods to ensure only authorized users have access to PII, periodic security audits, regular monitoring of system users' behavior and users' Security Practices.

Technical Safeguards: Controls for the systems include, but are not limited to, encryption of Data at Rest and in Transit, firewalls at HUD, user ID, password protection, role-based access controls, Least Privileged access, elevated and/or administrative privileged access, Personal Identify Verification cards, intrusion detection systems. Unauthorized access is controlled by application-level security.

RECORD ACCESS PROCEDURES: Individuals requesting records of themselves should address written inquiries to the Department of Housing Urban and Development 451 7th Street, SW Washington, DC 20410-0001. For verification, individuals should provide their full name, current address, and telephone number. In addition, the requester must provide either a notarized statement or an unsworn declaration made under 24 CFR 16.4.

CONTESTING RECORD PROCEDURES: The HUD rules for accessing, contesting, and appealing agency determinations by the individual concerned are published in 24 CFR part 16.8 or may be obtained from the system manager.

NOTIFICATION PROCEDURES: Individuals requesting notification of records of themselves should address written inquiries to the Department of Housing Urban Development, 451 7th street SW, Washington, DC 20410-0001. For verification purposes, individuals should provide their full name, office or organization where assigned, if applicable, and current address and telephone number. In addition, the requester must provide either a notarized statement or an unsworn declaration made under 24 CFR 16.4.

EXEMPTIONS PROMULGATED FOR THE SYSTEM: None.

HISTORY: Docket No. FR-5921-N-17, 81-FR-71750, October 18, 2016.

LaDonne White,

Chief Privacy Officer, Office of Administration.

