

**U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT**

**INITIAL PRIVACY ASSESSMENT  
(IPA)**

**Home Equity Reverse  
Mortgage Information  
Technology (HERMIT)**

Office of Housing

August 22, 2012

## INTRODUCTION

### **What is an Initial Privacy Assessment?**

An Initial Privacy Assessment (IPA) is designed to assess whether a Privacy Impact Assessment (PIA), a Privacy Act system of records notice (SORN), and/or other related privacy documents are required. The responses to the IPA will provide a foundation for both a PIA and a SORN should either or both be required, and will also help to identify any policy concerns.

The IPA incorporates the matters previously addressed in the Department's Privacy Identifiable Information (PII) Survey, and thus replaces the survey.

### **When should an IPA be completed?**

An IPA should be completed during the system's design phase, whether the system is electronic or contains only records in paper form, and should be completed before commencement of any testing or pilot project of an information system. Additionally, an IPA should be completed any time there is a change to the information system to determine whether there are any privacy issues as a result of such a change.

### **Who should complete the IPA?**

The IPA should be written and reviewed by a combination of the component's (e.g., Privacy Act Officer, System Owner, Project Leaders), and the program-specific office responsible for the system.

### **How is the IPA related to the Capital Planning and Certification and Accreditation process?**

Upon completion and approval of the IPA by the Privacy Officer the official document may be uploaded into the C&A tool, and provided as part of the IT Capital Planning process as validation of the completed evaluation. The completed IPA demonstrates that the program components have consciously considered privacy and related requirements as part of the overall system design. For an IT system that does not require a C&A, such as a minor application that runs on a system that does require a C&A, an IPA still should be completed to determine if other related privacy documentation are required for that system or project.

### **Where should the completed IPA be sent?**

A copy of the completed IPA should be sent to the Office of Privacy via email to [Donna.Robinson.Staton@HUD.gov](mailto:Donna.Robinson.Staton@HUD.gov) and [Nadine.Craft@HUD.gov](mailto:Nadine.Craft@HUD.gov). The Privacy Officer will review the IPA and determine what additional privacy documentation is required, and then will advise the Program component accordingly.

## HERMIT Initial Privacy Assessment

### SECTION I: INFORMATION ABOUT THE PROJECT/SYSTEM

**Date submitted for review:** 08/21/2012

**Project Name/Acronym:** Home Equity Reverse Mortgage  
Information Technology/HERMIT

**System Owner/Contact Information:** William F. Fuentesvilla *William F. Fuentesvilla 8/22/2012*

**Project Leader/Contact Information:** William.F.Fuentesvilla@hud.com *William F. Fuentesvilla 8/22/2012*  
202-402-2344 (Office)

**1. Which of the following describes the type of records in the system:**

- Paper-Only
- Combination of Paper and Electronic
- Electronic-Only
- Other:** Please describe the type of project including paper based Privacy Act System of Records

**\* Note:** For this form purpose, there is no distinction made between technologies/ systems managed by contractors. All technologies/systems should be initially reviewed for potential privacy impact.

Provide a general description of the system or project that describes:

(a) the functionality of the system and the purpose that the records and/or system serve;

HERMIT provides FHA with comprehensive solution that integrates and/or automates the five processes that encompass the HECM program (Insurance Servicing; Claims payments; Notes Servicing; Accounting and reporting). HERMIT is based on a specialized, scalable commercial off-the-shelf (COTS) product from Reverse Mortgage Services (RMS) that meets all of the requirements needed to originate and service reverse mortgages for the HECM program. The system collects, stores, presents, and delivers core reverse mortgage data, including all borrower and loan characteristics. The solution performs various services such as loan boarding, accruals, loan transaction processing, compliance monitoring, and default management.

HERMIT uses an off-the-shelf financial package from Savantage for serving the accounting needs of reverse mortgage processing. HERMIT obtains, stores, and

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tracks accounting events and displays financial information regarding HECM Premiums, Claims, Notes and foreclosed properties acquired by or in custody of HUD. HERMIT supports accounting operations to ensure that FHA's financial management functions meet Federal requirements for tracking budgetary resources and controlling funds. All accounting processes comply with Financial Systems Integration Office (FSIO – formerly Joint Financial Management Improvement Program – JFMIP) and Federal Credit Reform Act standards. HECM SP provides support for accounts payable, payment, accounts receivable, billing, collection and budgetary accounting and control functions associated with FHA HECM management and associated contract services; and processes HECM collections and disbursements via Treasury, commercial bank, or other (Lockboxes and Pay.gov, etc.) systems. HERMIT exchanges data with a number of HUD and non-HUD systems, including the existing CHUMS and FHA Subsidiary Ledger on a daily basis.

(b) who has access to information in the system; The following authorized users are-Lenders, servicers, investors, HUD NSC Contractor, HUD and HECM BSP Personnel.

(c) how information in the system is retrieved by the user; The information in the system is retrieved through logging into the web based system interface and performing queries or accessing reports from their desktops

(d) how information is transmitted to and from the system; The information in HERMIT is sourced from CHUMS (FHA System). This information in HERMIT is transmitted to several other systems via Secure FTP.

and

(e) interconnections with other systems; The HERMIT system interacts with several HUD systems along several other external systems. The interfaces are file-based, and the files are exchanged using SFTP.

- CHUMS (Computerized Homes Underwriting Management System) (Bi-directional daily)
  - Assists and supports Home Ownership Centers (HOCs) staff in the processing of Single Family mortgage insurance applications, from initial receipt through endorsement.
- SFHEDW (Single-Family Housing Enterprise Data Warehouse) (Outbound monthly)
  - Allows queries and provides reporting tools to support HUD's business needs. The HERMIT Servicing Module will send monthly files containing the Claim, Lender and Case Details along with payment plan information and transactions.
- SAMS (Single-Family Acquired Asset Management System) (Outbound monthly)
  - Tracks property acquisition, maintenance and disposition, as well as processes collections, disbursements, and tax payments.
- Ginnie Mae - RFS (Reporting and Feedback System) (Outbound monthly)
  - The central processing system for monthly reporting of pool and loan level data from issuers of mortgage-backed securities.
- REKON (Release of Liens) (Bi-directional daily)

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- Mortgage releases are initiated by the HUD NSC Contractor in the Servicing Module and transmitted for execution within the release of liens software.
- FARETS (Track Delinquent Tax Activity) (Bi-directional weekly)
  - Enables the HUD NSC Contractor to monitor taxes on the assigned and endorsed loans that have completed CT 22-Preliminary Title Approval step.
- BANKO (Bankruptcy and Deceased Information)
  - Enables the HUD NSC Contractor to review information about bankruptcy cases and deceased debtors. The service consolidates and updates bankruptcy cases and death records from all 50 states, the District of Columbia, the U.S. Virgin Islands, Guam, and Puerto Rico daily. It supplies timely, accurate, and complete bankruptcy and death information.
- Imaging (Inbound daily)
  - Allows importation of documents from the HUD NSC Contractor so that the documents can be attached to loans using a predefined naming convention.
- Pay.gov (Bi-directional Daily)
  - Processes collection request files in Pay.gov non-interactive batch format. Receives notification of successful posting by Pay.gov.
- SPS (Bi-directional Daily)
  - Generates disbursement schedule files in Treasury Secure Payment System format for premium refunds and claim payments.
- FHASL (Outbound Daily)
  - The HERMIT system provides aggregated disbursement and collection activity each business day using the FHASL journal import process. HERMIT will store case-level accounting details which, prior to interfacing with FHASL, will be summarized at the unique level of chart field structure and entry events.

Has the IPA been reviewed and approved by the Departmental Privacy Officer

YES

NO (Please contact component privacy official before submitting official IPA.)

**2. Status of System or Project**

This is a new system or project in development.

Specify expected production date:

This is an existing system or project.

**If an existing system SECTION II must be completed**

**3. System or project personal identifiers/sensitive information**

YES	NO	<b>Does the system or project collect, maintain use or disseminate other personal identifiers/ sensitive information</b> (i.e., name, home address, home telephone number, date of birth, gender status, income/financial data, employment, medical history, criminal record, etc.)?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**If yes, briefly describe the types of information about individuals in the system;**

HECM program management ( Premium, Claims & Notes) data including Borrowers' Names, Addresses, birthdates, Social Security Numbers, phone numbers; maximum loan amounts, premium collection, interest rates and account statuses; payment and other financial account data such as loan balance, interest accrued, fees incurred, claims filed and paid, property taxes and insurance amounts, Mortgagee/ Borrower's banking information (routing and account numbers); accounting data including debits and credits to HUD accounts based on transaction events; and information for reporting and assuming servicing activities in case of servicer or investor claim or default.

**4. Does the information about individuals identify particular individuals** (i.e., is the information linked or linkable to specific individuals, often referred to as personally identifiable information?)

YES

NO (If no, indicate below how the information is not identifiable to specific individuals.

**5. Does the personally identifiable information in the system pertain only to government employees, contractors, or consultants?**

YES (If yes, specify individual type.)

NO

6. **Is there an existing Privacy Act System of Records Notice (SORN) that has been published in the Federal Register to cover the system?** (Please consult with the component's Privacy Act Officer if assistance is needed in responding to this question.)

YES

NO

*Currently going through review process to HUD.*

7. **SSN usage**

YES NO Do the project or system collect, maintain, use, or disseminate Social Security Numbers (SSNs)? (This includes truncated SSNs)

If yes, please provide the purpose/legal authority authorizing the solicitation of SSNs:

**42 U.S.C. 3543 - Sec. 3543. Preventing fraud and abuse in Department of Housing and Urban Development programs (enacted as part of the Housing and Community Development Act of 1987)**

(a) **Disclosure of social security account number.** As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving loans, grants, interest or rental assistance of any kind, or mortgage or loan insurance, and to ensure that the level of benefits provided under such programs is proper, the Secretary of Housing and Urban Development may require that an applicant or participant (including members of the household of an applicant or participant) disclose his or her social security account number or employer identification number to the Secretary.

(b) **Definitions** For purposes of this section, the terms "applicant" and "participant" shall have such meanings as the Secretary of Housing and Urban Development by regulation shall prescribe. Such terms shall not include persons whose involvement is only in their official capacity, such as State or local government officials or officers of lending institutions.

**10. Is there a Certification & Accreditation record for your system?**

YES (If yes, indicate the following:)

*Currently going through review process to HUD.*

Confidentiality	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>	High	<input type="checkbox"/>	Undefined
Integrity	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>	High	<input type="checkbox"/>	Undefined
Availability	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Moderate	<input type="checkbox"/>	High	<input type="checkbox"/>	Undefined

NO (If no, please identify the FISMA-reported system whose C&A covers this system.)

DO NOT KNOW

**STOP:** Only complete **Section II** if this is an existing system/project.

**SECTION II - Existing System or Project: Not Applicable**

**1. When was the system developed?**

**2. If an existing system, has the system undergone any changes since April 17, 2003?**

YES (If yes, explain the nature of those changes and proceed to Question 3.)

NO (If no, proceed to question 5.)

**3. Do the changes to the system or project involve a change in the type of records maintained, the individuals on whom records are maintained, or the use or dissemination of information from the system?**

YES

NO

**4. Please indicate if any of the following changes to the system or project have occurred: (Mark all boxes that apply.)**



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- A conversion from paper-based records to an electronic system.
- A change from information in a format that is anonymous or non-identifiable to a format that is identifiable to particular individuals.
- A new use of an IT system, including application of a new technology that changes how information in identifiable form is managed. (For example, a change that would create a more open environment and /or avenue for exposure of data that previously did not exist.)
- A change that results in information in identifiable form being merged, centralized, or matched with other databases.
- A new method of authenticating the use of an access to information in the identifiable form by members of the public.
- A systematic incorporation of databases of information in identifiable form purchased or obtained from commercial or public sources.
- A new interagency use of shared agency function that results in new uses or exchanges of information in identifiable form.
- A change that results in a new use of disclosure of information in identifiable form.
- A change that results in new items of information in identifiable form being added into the system.

### **5. Does a PIA for the system already exist?**

- YES (If yes, provide the date and title of the PIA and whether the PIA is posted on the Privacy Office webpage.
- NO.

## IPA Determination/Approval

(To be completed by the Privacy Office)

DATE REVIEWED:
REVIEWERS NAME:

<input type="checkbox"/>	This is <b><u>NOT</u></b> a Privacy Sensitive Project – the project contains no personal identifiers/sensitive information
<input type="checkbox"/>	This <b><u>IS</u></b> a Privacy Sensitive Project
<input type="checkbox"/>	PTA sufficient at this time
<input type="checkbox"/>	A PIA is required
<b>COMMENTS:</b>	

\_\_\_\_\_  
Program Director Signature  
[Title]

\_\_\_\_\_  
Date

\_\_\_\_\_  
Departmental Privacy Officer Signature

\_\_\_\_\_  
Date