

TO: HSCP Grantees

FROM: Tonya Tyler, Vice President, National Initiatives, Operations

DATE: March 31, 2022

RE: Personal Identifiable Information (PII) collection
Non-wallet identification for Authorization

NeighborWorks America is responding to HSCP Grantee feedback on Personal Identifiable Information (PII) collection and non-wallet identifiers that utilized in place of traditional signatures for counseling clients. Changes to HSCP guidelines noted in this Memorandum are effective as of the date of the Memorandum. Client files selected for HSCP compliance testing will be files with intake dates of April 1, 2022, or after to accommodate this change.

HSCP Grantee Feedback. NeighborWorks America has received two valuable pieces of feedback from Grantees about their ability to perform under current HSCP guidance:

1. Housing counseling agencies do not always retain client documents containing PII received as part of counseling because of the data security risk. This will impact their ability to comply with the HSCP requirements around Level 2 Budget Verification.
2. Housing counseling agencies use of non-wallet identifiers (authorization provided by a counseling client through verification unique to the client such as mother's maiden name) as authentication for client authorization and in place of a wet or e-signature. Many counselors transitioned to virtual counseling to provide critical housing counseling services during the pandemic. For that reason, the use of both electronic signatures and non-wallet identifiers have increased in the housing counseling industry over the last two years.

HSCP Response

1. PII in HSCP Level 2 required Budget Verification
NeighborWorks America is issuing the following clarification about the budget verification requirement of HSCP Level 2 housing counseling. Budget verification is a requirement of HSCP Level 2 housing counseling. It allows the counselor to realistically assess client options and negotiate meaningfully for a workable solution. For compliance reviews, NeighborWorks America will seek to be more flexible to accommodate the increased sensitivity around PII. The following documentation will be acceptable to satisfy the budget verification requirement during compliance reviews:
 - **Traditional budget verification.** Budget verification with supporting materials income source (paystubs or third-party income verification) and debt (credit report or other verification of debt).
 - **Counselor Notes.** In cases where the client was provided counseling that met Level 2 requirements and no budget verification PII was maintained in the client file, the counselor must explain and attest via the counselor notes the reason that PII was not maintained. Counselor notes must be dated and maintained in the client file.

- **Other evidence that the counselor verified the client budget.** Validation that the counselor assisted client with a foreclosure/eviction prevention application to a program/benefit that required budget verification. This could include, but is not limited to, email communication between the client and the counselor on the required financial qualifications to apply to the program, calculation of the budget verification, etc. All documentation must be dated and clearly identifiable.

2. **Non-Wallet Identifier**

NeighborWorks America will accept non-wallet identification as a signature, with the following parameters:

- HSCP documents authorized by the client using non-wallet identifiers must be present in the file and include, the **date** when the non-wallet identifier was received and a copy of the **script/language** that was used by the counselor to obtain the non-wallet identifier.
- The use of electronic signatures is voluntary. Grantees that utilize electronic signatures must fully comply with all applicable law – including the E-SIGN Act and the Uniform Electronic Transactions Act (UETA).

Please note: HSCP will not request or accept recorded client counseling sessions in lieu of wet-signatures, e-signatures and/or non-wallet identification.

HSCP recognizes that counselors are providing services on the ground and in real time and we appreciate their willingness to share valuable feedback on all aspects of the program design and administration. We look forward to continuing to hear your feedback and hope the noted clarifications are responsive to the request.