

PRIVACY IMPACT ASSESSMENT

First Financial Network (FFN)

July 2011

FDIC External Service

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System Overview

When an FDIC-insured financial institution fails, the Federal Deposit Insurance Corporation (FDIC), in its receivership capacity, assumes the task of collecting and selling the assets (i.e. loans) of the failed financial institution and settling its debts, including claims of deposits in excess of the insured limit. The FDIC either sells the loans at the time of the financial institution's closing or retains the loans temporarily.

Within FDIC, the Division of Resolutions and Receiverships (DRR) Asset Marketing Branch is responsible for conducting the sales of loans¹ that remain with the Receiver. DRR markets these loans through private "Loan Sale Advisors," who are under contract to perform this service on behalf of the Receiver. FDIC is required to maximize² the price of resold assets following a bank failure. The use of Loan Sale Advisors helps FDIC obtain the highest return by tapping into a large pool of potential purchasers or "bidders."

To fulfill these functions, the FDIC has contracted with First Financial Network, Inc. ("FFN" or "First Financial") to value and sell assets acquired when a financial institution fails. The FFN solution includes a secure, online Loan Trading Platform where assets may be viewed by authorized bidders. FFN sales professionals perform pricing, underwriting, document preparation, imaging, marketing and closing services to execute orderly, timely and efficient asset sales.

As part of the loan sale process, FFN collects personally identifiable information (PII) from potential bidders who register to participate in the loan sale. Bidders typically are banks or private firms, but in some cases, are individual members of the public, who are required to meet strict eligibility requirements set forth by FDIC and FFN.

Due to the nature of loan sales in the secondary market, FFN must provide potential bidders with all the documents necessary for bidders to conduct appropriate due diligence. These loan sale documents often contain sensitive information, including PII on individual loan customers.

Personally Identifiable Information (PII) in FFN

FFN maintains personal identifiable information (PII) relating to borrowers and customers of failed financial institutions, as well as prospective bidders. FFN requires prospective bidders to complete the FDIC Level 2 Registration Process on its website (www.ffncorp.com) before they can access loan sale information containing PII.

As part of the Level 2 Registration Process, FFN requires prospective bidders to provide the following information: Individual or Business Name, Work Address, Work Phone Number, Fax Number, Tax Identification Number or Social Security Number (SSN), Detailed Company Information (e.g., Number of Employees, Date of Formation, Names/Addresses of Company Owners/Officers/Directors/Trustees/Subsidiaries, etc), Financial Information (e.g., Company's Revenue, Assets, Tangible Net Worth, etc), Loan Purchase Experience References, and Professional References (Banker, Lawyer and Accountant). Upon request,

¹ Loan portfolios from failed banks usually contain a variety of performing and non-performing loan products including mortgage, commercial, and consumer loans.

² FDIC's mandate is to maximize the price of sold assets following a financial institution failure. Experience has proven that valuations must be performed at the asset-level to validate prices received for assets. The quality and quantity of information available for investor review is critical to receiving the maximum value for the assets.

Electronic Copies of Articles of Incorporation, Organization, Partnership or similar documentation, may be required.

PII elements collected relating to the individuals and customers of the failed financial institution may include the following: Name, Home Address, Social Security Number (SSN), Tax ID Number, Home Telephone Number, Home Email Address, Date and Place of Birth (DOB), Account Number, Account Balance, Address, and other Credit Information. Scanned data may include driver's license, tax returns, financial statements, previous and current credit report, employment history or information, Employee ID Number, and any other data contained in the loan file at the time of the closing.

Purpose & Use of Information in FFN

FFN obtains data directly from the failed financial institution. The data maintained in FFN is both relevant and necessary to the design of FFN's online Loan Trading Platform. Specifically, the information is necessary in order to value, market and sell assets acquired from closed financial institutions at the highest possible rate of return.

PII is collected from potential bidders who register to participate in the loan sale and are required to meet strict eligibility requirements set forth by FDIC and FFN.

Sources of Information in FFN

Data for the FFN website is directly obtained from the asset data acquired at or following the closing of a financial institution. The DRR Business Information Systems (BIS) staff copies the information from the computer systems of the closed financial system and securely transmits the information to FFN. Additionally, FFN or its authorized subcontractors scans and indexes documents such as asset/loan files and asset/loan documents contained in the hard copy loan files.

DRR's Asset Management Group may obtain a current credit report on the borrower or guarantor from a credit reporting agency and is used to supplement the asset data and allow for the correct valuation of each asset.

Notice & Consent

Bidders have the opportunity to "opt out" of the Level 2 Registration Process requirements. Bidders that opt out of the Level 2 Registration Process requirements will only have access to Level 1 Summary Information which does not contain PII.

Individuals (i.e. failed bank loan customers) do not have the opportunity to "opt out" of providing their information to FFN. Data is collected directly from the failed financial institution and not collected from the individuals. FDIC is required to sell all assets acquired from the failed financial institution for the maximum amount possible and as soon as possible or after the closing of the financial institution. Additionally, FDIC is required to receive the highest value possible and to achieve these goals, the FFN Loan Sales Advisors contracted by FDIC, value and market these assets.

Access to Data in FFN

Access to data in FFN is limited to four main categories of users:

- **FDIC authorized users:** Authorized DRR Asset Management (AM) staff responsible for the expeditious sale of loans after the failure of a financial institution has access to the information in FFN. AM staff manage and monitor the data being sent to FFN and the sales after data is loaded. Additionally, the FDIC Oversight Manager and Technical Monitor in DRR monitor the activities of the staff at FFN. Users must request access from the contract Oversight Manager in DRR and access to the FFN website requires FDIC management approval. Access to the data is limited to users with the operational need to access the information.
- **Authorized First Financial users:** Authorized FFN Loan Sales Advisors have access to the data in FFN for the purpose of updating data and conducting and monitoring sales of loans/loan pools; underwriters for the purpose of updating data and preparing the loans/loan pools for viewing by authorized bidders on the FFN website; administrative staff for the purpose of uploading data to the appropriate portion of the secure website; and information security/technical staff for the purpose of administering the site and record retention/disposal activities. Additionally, authorized subcontractors of FFN may have access to data for the purpose of providing image scanning, research and valuation support to the FFN Loan Sale Advisors. Authorized users access the data on a “need to know” basis as part of the duties performed for their employer. All FFN employees and authorized subcontractors with access must sign a Confidentiality Agreement and undergo a background investigation. Additionally, FFN ensures that individuals are trained on data security and privacy risks, including proper handling of information associated with their activities, and of applicable laws, regulations, policies, and procedures.
- **Authorized bidders/purchasers:** Authorized bidders/purchasers have access to the data on the FFN website for the purpose of reviewing the data in the loans/loan pools as part of the due diligence process and purchasing assets. Authorized bidders/purchasers request access online by registering and agreeing to the Terms of Access. Purchaser's access authorization is subject to requirements for access provided by the FDIC Oversight Manager and enforced by FFN. FDIC Offerings have two levels of information access:
 - *Level 1- Summary Level Information:* Users must electronically agree to or complete the Confidentiality Agreement, Purchaser Eligibility Certificate (PEC) Questionnaire, and Other Required Certifications; and
 - *Level 2- Personal Identifying Information (PII)* detail that may be necessary for evaluation of the loans. To obtain access to Level 2 Loan Information containing PII, users must pay an annual Registration Processing Fee of \$500 and must certify that the company has a tangible net worth of at least \$1,000,000.
- **Other federal government agency personnel:** Federal government agency personnel may have access to data in FFN on a “need to know” basis depending on the guarantor or participant to a loan. This may include the Small Business Administration (SBA), the U.S. Department of Agriculture (USDA) and the Farm Service Agency (FSA). Access is granted to only those loans and sales applicable to the guarantor or participant for the purpose of reviewing the status of the sale. Additionally, authorized users must sign a Non-Disclosure Agreement to be granted to access to the data in FFN.

Data Sharing

Other Systems that Share or Have Access to Data in the System:

No other systems currently share or have access to data in the FFN system.

System Name	System Description	Type of Information Processed
N/A	N/A	N/A

Data Accuracy in FFN

Data is collected directly from the failed financial institutions. The FDIC inspects data for viruses and malicious code before forwarding it to FFN. FFN performs data validation, reviewing the loan file for completeness, verifying whether or not certain documents or data is missing, and, as feasible, updating this data prior to the sale of the loan/loan pool.

Data Security for FFN

Within DRR, the FDIC Oversight Manager, Technical Monitors, and Program Manager are overall responsible for protecting the privacy rights of the public. Within FFN, the Information Assurance Manager and senior management have overall responsibility for ensuring the proper use of data by the FFN personnel who have access to the data. FFN employees are responsible for protecting PII in accordance with FFN corporate policies, Non-Disclosure Agreements, and Confidentiality Agreements.

During the closing process of a failed financial institution, the DRR Business Information System (BIS) staff copies the data from the computer systems of the closed financial institution and securely transmits the data encrypted via secure protocols.

FFN maintains audit trails of authorized users' access to sales and assets. Audit trails include such information as the asset reviewed by a user, the date, and time. Additionally, the FDIC Oversight Manager and Technical Monitor in DRR monitor the activities of the staff at FFN.

Secured firewalls, Intrusion Detection Systems (IDS) and automatic session timeout are in use by FFN to assure unauthorized monitoring does not occur.

System of Records Notice (SORN)

FFN operates under the applicable FDIC SORN: 30-64-0013, *Insured Financial Institution Liquidation Records*.

Contact Us

To learn more about the FDIC's Privacy Program, please visit:
<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email Privacy@fdic.gov or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

