

PRIVACY IMPACT ASSESSMENT

Financial Advisory Service for Mortgage Servicing Rights

(MSR)

November 2013

FDIC External Service

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System Overview

The FDIC's Division of Resolutions and Receiverships (DRR) is responsible for, among other important responsibilities, effectively and efficiently managing and disposing assets held by failing and/or failed FDIC-insured depository financial institutions. To this end, FDIC/DRR has contracted with the following outsourced service providers (vendors) to advise and assist it with the financial analysis, valuation, management, sales and disposition of Mortgage Servicing Rights (MSRs)¹: Ferncliff Investments, Houlihan Lokey, Mortgage Industry Advisory Corporation (MIAC), and RER Solutions, Inc. Associated task areas for the contracts with these vendors include the following:

1. Assisting in reviewing information regarding the inventory of MSRs and analyzing and/or performing asset valuations) of MSRs;
2. Recommending a plan of disposition;
3. Structuring the transaction(s);
4. Executing marketing and sales campaign(s), and
5. Administering other types of advisory and post-closing services for the management, disposition and settlement (including post-closing reconciliation) of the MSRs.

In order to execute this valuation, vendors receive supporting information from FDIC. This data, which may contain personally identifiable information (PII) about customers/borrowers, is received by the FDIC from the failed financial institution and is securely provided to the vendors via the FDIC Virtual Data Repository (VDR)² typically in the form of spreadsheets and loan package documents.

The vendors providing MSR Financial Advisory Services assess the data provided and notify the FDIC Senior Capital Markets Specialist if additional data is needed for the valuation of the Mortgage Servicing Rights. This request is typically made through emails sent to the FDIC by the vendors. These emails do not contain any PII or sensitive information (SI). FDIC responds to these requests for information by securely providing the vendors additional documents or details, which may contain PII or SI via the VDR, or in certain instances, via FDIC's secure email service.

Personally Identifiable Information (PII) in MSR

MSR collects personally identifiable Information (PII) and non PII information such as: full name, date of birth, place of birth, social security number (SSN), home address, phone number (non-work), military status/records, and financial information.

¹ A MSR is a contractual agreement where the right, or rights, to service an existing mortgage are sold by the original lender to another party who specializes in the various functions of servicing mortgages. Common rights included are the right to collect mortgage payments monthly, set aside taxes and insurance premiums in escrow, and forward interest and principal to the mortgage lender.

² The FDIC VDR is a secure website facility and technology provided by a private sector service provider (currently RR Donnelly Venue). The VDR service is used by DRR to create workspaces for failing or failed institution projects, where confidential documents and information can be rapidly exchanged with specific groups of authorized internal and external users. For additional information, refer to the FDIC's Privacy Impact Assessment for VDR.

Purpose & Use of Information in MSR

The PII elements may be included in the mortgage packages that the vendors supporting Financial Advisory Services for Mortgage Servicing Rights retrieve from their respective folders in the VDR. They then analyze the data and communicate opinions and reports on the valuation of the packages. These reports are uploaded by the vendors supporting Financial Advisory Services for Mortgage Servicing Rights to the VDR for FDIC's review. The information is necessary in order for the MSR contractors to perform their assigned tasks.

Sources of Information in MSR

Authorized FDIC/DRR Capital Market Specialists upload spreadsheets into the appropriate FDIC VDR project for the vendors to review. These spreadsheets contain data originating from the failed financial institution. This data may include PII about borrowers/customers of failed financial institutions (FIs). As necessary, authorized FDIC Capital Markets Specialists securely provide additional documentation to the vendors via the FDIC VDR or, in limited circumstances, via FDIC's secure email service. This supplemental documentation may contain some or all of the PII mentioned above and is necessary to support the vendor's asset valuations. The vendors may download the FDIC provided data and store it in their secure systems and/or hardcopy paper files.

Notice & Consent

Individuals do not have the opportunity to "opt out" of providing their data and/or consenting to particular uses of their information. Personal information is not collected directly from individuals. It is obtained from the failed institution, and is necessary to support the assessment and asset valuations of mortgage servicing rights on behalf of the FDIC.

Access to Data in MSR

Authorized FDIC employees have access to the data maintained by MSR. Specifically, FDIC Capital Markets Specialists obtain data from the failed financial institution via the secure VDR and copy it to the appropriate folder in VDR for the MSR vendors to access. This data may contain some or all of the PII.

Additionally, authorized MSR vendor personnel have access to the data via the FDIC VDR. The PII elements are components of the loan Information Service packages that the outsourced service providers (vendors) access through the secure VDR (or via FDIC's secure email service). The vendors require access to this data in order to review and prepare reports and recommendations on the valuation of the loan packages. The vendors upload their reports, which do not contain PII, to the VDR for FDIC review. Each vendor firm is required to protect and retain/dispose of FDIC-provided data, including PII, in accordance with their contract and Confidentiality Agreements with FDIC.

Data Sharing

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

System Name	System Description	Type of Information Processed
Virtual Data Room (VDR)	The VDR service is used by DRR to create workspaces for failing or failed institution projects, where confidential documents and information can be rapidly exchanged with specific groups of authorized internal and external users. FDIC Capital Markets Specialists copy data into the appropriate FDIC VDR project for the vendors to review. This data is accessed and analyzed by the vendors who upload reports (non-PII) to the secure VDR for FDIC review.	Name, date of birth, place of birth, SSN, home address, phone number, financial information, military records, etc.

Data Accuracy in MSR

Data is collected directly from failed financial institutions. As such, the FDIC and its vendors rely on the financial institutions to provide accurate data. The vendors contact FDIC via email requesting additional information or details necessary for their valuation. These email requests for more information do not contain PII or SI. FDIC responds by providing the information requested, which may contain PII or SI, through the secure VDR, or in limited circumstances, through FDIC's secure email service.

Data Security for MSR

Within FDIC, the Senior Capital Markets Specialist who serves as the SME and the Oversight Manager, and the DRR Information Security Manager (ISM) are collectively responsible for assuring proper use of the data. In addition, it is every FDIC user's responsibility to abide by FDIC data protection rules which are outlined in the FDIC's Information Security and Privacy Awareness training course which all employees take annually and certify that they will abide by the corporation's Rules of Behavior for data protection.

Policies and procedures have been established to delineate this responsibility, and the vendor has designated the appropriate senior management official to have overall accountability for ensuring the proper handling of data by vendor personnel who have access to the data. All vendor personnel with access to the data are responsible for protecting privacy and abiding by the terms of their FDIC Confidentiality and Non-Disclosure Agreements, as well as the vendor's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data. The vendor must comply with the Monitoring and Incident Response contractual requirement.

System of Records Notice (SORN)

MSR operates under the FDIC Privacy Act 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.

