

PRIVACY IMPACT ASSESSMENT

Midland Loan Services, Inc.
(Midland)

August 2012

FDIC External Service

Table of Contents

[System Overview](#)

[Personally Identifiable Information \(PII\) in Midland](#)

[Purpose & Use of Information in Midland](#)

[Sources of Information in Midland](#)

[Notice & Consent](#)

[Access to Data in Midland](#)

[Data Sharing](#)

[Data Accuracy in Midland](#)

[Data Security for Midland](#)

[System of Records Notice \(SORN\)](#)

[Contact Us](#)

System Overview

When a financial institution fails and the FDIC is appointed as receiver, one of the FDIC's primary tasks is to dispense of the failed institution's loans and assets in a manner that maximizes their value. To do this, the FDIC uses a variety of resolution strategies, one of which involves selling some or all of the failing bank's assets to healthy financial institutions. Loans that are not sold in the initial sale are packaged and offered for sale to the broader financial market. The FDIC maintains all the associated servicing responsibilities until it sells all of the failed bank's assets and loans.

To assist with servicing the loans received from failed banks, the FDIC Division of Resolutions and Receiverships (DRR) contracts with third-party Loan Servicing companies ("Servicers"). These Servicers are responsible for safeguarding assets while providing loan services, such as general loan administration, debt restructuring, and collection services based on the type of loan being serviced. For this purpose, DRR has retained the services of Midland Loan Services, Inc. (also known as PNC Bank National Association) to assist with general loan administration and collection services for Commercial Loans¹, collateralized and classified as real estate and non-real estate. As part of the aforementioned services, Midland performs several activities which include, but are not limited to:

- 1) Making payments of all loan fees, costs, and advances related to and incurred in the servicing of loans listed on the Preliminary Loan Inventory received from the FDIC;
- 2) Collecting, processing, and recording loan payments in accordance with the Loan Documents;
- 3) Automatically converting (i.e., transferring) loans from the previous servicer's system according to standards set forth in the contract with the FDIC;
- 4) Converting/transferring, from the prior servicer's system, the interest paid by the borrower to enable Midland to produce IRS statements and any other required IRS reports on an annual basis;
- 5) Assisting the FDIC in the sale of loans (this occurs on an as-needed basis and is not Midland's primary role);
- 6) Ensuring that real estate tax payments are made in a timely manner;
- 7) Working with borrowers to modify, restructure, or settle loans when borrowers are having difficulty making payments or are unable to repay the loan; and
- 8) Managing the foreclosure or default on a loan, including repossession of collateral.

Personally Identifiable Information (PII) in Midland

Midland maintains personally identifiable information (PII) pertaining to borrowers and customers of failed financial institutions, guarantors, and receivership payees or payers. Types of PII collected include: full name, date of birth, Social Security Number (SSN), mother's maiden name, certificates (i.e., birth, death, naturalization,

¹ Commercial loans comprise of different types of business-purpose loans. These include loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises. Loans to individuals for commercial, industrial and professional purposes, but not for investment or personal expenditure purposes, are also included.

marriage, etc.), home address, phone numbers (non-work), personal email address, financial information, driver's license, vehicle identifiers, legal documents, records or notes, and photographic identifiers.

Purpose & Use of Information in Midland

Midland utilizes the PII collected in order to perform general loan servicing and collection activities in accordance with its contractual agreement with the FDIC. These activities include general loan administration, default management, loan sales support and reporting requirements.

Sources of Information in Midland

During the initial loan conversion/transfer process, FDIC securely provides all pertinent failed bank asset/loan data to Midland. This includes sensitive PII about borrowers and guarantors of the failed financial institution. Midland staff uploads the data to their secure loan servicing system and reviews the data to ensure successful completion of the conversion/transfer process. After the loan conversion/transfer process, authorized Midland staff may manually enter PII about borrowers, payers, and/or guarantors into the Midland loan servicing system as part of their servicing and management of loans. Additionally, FDIC staff securely ship hardcopy credit files, collateral files, and any trailing documents received after the conversion date, to Midland; Midland staff scan and upload the files to its secure loan servicing system.

Midland hosts an internet site which provides failed institution customers access to their individual loan accounts. Customers must register on the site to be able to conduct private business such as transactions relating to their loans and investments. As part of activities related to servicing loans, authorized Midland staff also collect loan payments, financial documents (i.e., financial statements, income tax returns, etc.), and other loan-related information (i.e., insurance notices, tax bills). This information is collected from various types of correspondence (i.e., emails, fax, hardcopy forms, online forms via the Midland internet site, telephone conversations, etc.) with borrowers and guarantors. This information is also uploaded by Midland staff into their secure loan servicing system.

PII is also collected during the updating and validating of existing loan applications being processed by the employees of external banks who act as a loan payment agent between the customer and Midland. This information is securely sent to Midland for inclusion in its loan servicing system.

As part of its general loan servicing and collection responsibilities, Midland may conduct asset, Uniform commercial Code (UCC) or other financial-related searches on borrowers or guarantors, as well as obtain credit reports from third-party credit bureaus. Midland staff uploads the resulting information into the borrower's file in their loan servicing system.

Notice & Consent

Individuals may not opt out of providing their personal information for inclusion in Midland. The FDIC, acting in its Receivership capacity, is required to convert, service, and sell, or otherwise liquidate all assets acquired from the closing of a bank, as soon as possible after the closing. For this purpose, the FDIC has contracted with Midland to help service and sell assets acquired from failed financial institutions. These firms require access to all personal information on each asset, in order to properly service, modify, or assist with selling assets/loans.

Access to Data in Midland

Authorized FDIC employees and contractors have access to the data in Midland. After the loans/assets from the failed institution are converted to Midland's system, the FDIC DRR staff securely receives a copy of the final conversion file from Midland for purposes of reconciliation. This file may include borrower name, address, account number, and SSN. Authorized FDIC employees also receive access to Midland's secure website in order to view loan information from the failed banks. FDIC contractors who support FDIC employees in managing the loans for failed banks may receive loan information on an "as-needed" basis. However, DRR contractors are not provided with direct access to Midland's website. Rather, authorized DRR employees access and retrieve loan information from Midland's loan servicing system for the contractors.

Authorized Midland staff access borrower/guarantor PII as part of their loan maintenance and collection duties. Other non-FDIC entities that have access to the Midland data include:

- **Financial Advisors, Due Diligence Firms, and Outside Counsel** – Upon request and direction, Midland securely provides all pertinent loan file and other relevant information to approved FDIC financial advisors who market and sell the loans to outside bidders/investors on behalf of the FDIC. Midland is expected to make available to due diligence contractors loan files, payment histories, and other relevant information to aid in the successful completion of a sale. Additionally, Midland, acting on FDIC's behalf, securely provides copies of requested documents to FDIC Outside Legal Counsel for litigation and discovery purposes.
- **Winning Bidders/Purchasers** – When assets are sold to an outside investor or bidder, Midland personnel de-convert and transfer the sold asset information from the Midland loan servicing system to the winning bidder's loan servicing system.
- **Judgments/Deficiencies/Charge-Offs (JDC) Partners** – Upon notification from the FDIC, Midland securely transfers assets identified by DRR Asset Management to the appropriate JDC Partner.
- **Internal Revenue Service (IRS)** – Midland files with the IRS the 1098s/1099s and other required tax reporting documents, which may include borrower name, SSN, and mortgage interest information.

Data Sharing

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

System Name	System Description	Type of Information Processed
Controls Total Module (CTM)	CTM serves as the primary financial processing, research, and reporting system for Receiverships and their Subsidiaries. Each month, Midland wires the monthly remittance funds and reports all financial activity in the CTM transactions file.	Financial data and limited PII, such as borrower name
FDIC Automated Corporate Tracking System (FACTS)	Web-based tracking tool designed to log and route inquiries, requests for FDIC information and services, business recommendations, general correspondence and internal memoranda that require follow-up action or management approval. Authorized Midland staff have remote secured login accounts with limited access to FACTS in order to write "business cases/credit cases," which are used to document and seek approval from authorized FDIC/DRR staff to take certain actions with respect to a failed bank asset/loan.	Borrower name, historical bank number, financial statements, FICO score

Data Accuracy in Midland

Data is collected directly from individuals and from the failed financial institution. As such, the FDIC and its vendors rely on the individual financial institutions to provide accurate data. Additionally, Midland works with FDIC to verify the integrity of the data after it has been transferred or converted to the Midland loan servicing system. As necessary, an authorized Midland loan servicer checks the data for completeness by reviewing the information, verifying whether or not certain documents or data are missing, and as feasible, updating the data when required.

Data Security for Midland

Midland has gone through the appropriate security review required by the FDIC to determine and verify their having appropriate physical, technical and administrative security measures to safeguard FDIC-provided PII and other sensitive data. Additionally, policies and procedures have been established to delineate this responsibility; Midland has overall accountability for ensuring the proper handling of data by all Midland personnel who have access to the data. Access to certain data may be limited, depending on the nature and type of data. All personnel with access to the data are responsible for protecting privacy and abiding by the terms of the FDIC Confidentiality and Non-Disclosure Agreements, as well as Midland's corporate policies for data protection.

System of Records Notice (SORN)

Midland 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.

