

# PRIVACY IMPACT ASSESSMENT

## DRR Securitization Program Advisory Services Pentalpha Capital, LLC

May 2016

FDIC External Services

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## System Overview

The Federal Deposit Insurance Corporation (FDIC) Division of Resolutions and Receiverships (DRR) maintains stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions (FIs), and managing receiverships.

Acting as Receiver of the failed FI's assets, the FDIC utilizes the DRR Securitization Program to facilitate the sale of residential and commercial real estate secured loans. When assets from failed FIs are not purchased by an acquiring institution (AI) at the time of resolution, the FDIC may package assets with generally predictable cash flows and similar features into interest-bearing securities with marketable investment characteristics to move the assets into the private sector.

In order to facilitate the efforts of the DRR Securitization Program, the FDIC has contracted Pentalpha Capital, LLC (Pentalpha) to provide advisory and assistance services to support and improve the program. Services engaged may include program/project management and administration, assistance with analytic support and cash flow modeling, validation of assumptions used, termination of existing securitizations, structured sales, reverse mortgage portfolios (not previously securitized), due diligence reviews, asset assessments, and interactions with loan servicers, investors, underwriters, rating agencies, legal counsel, and other transaction-related parties involved with the Securitization Program. Owned Real Estate (ORE) Portfolio data provided to Pentalpha by the FDIC to facilitate these services include personally identifiable information (PII) such as borrowers' full names, home addresses, and loan numbers, which are the sole identifiers for these secured loans.

## Personally Identifiable Information (PII) – Pentalpha

Pentalpha collects personally identifiable information (PII) that may include: full name; home address; and financial information.

## Purpose & Use of Information – Pentalpha

FDIC Real Estate Owned (REO) portfolio data, valuations, plans, and reports provided to Pentalpha by the FDIC and Loan Servicers, and remittance reports retrieved by Pentalpha from trustees are used to facilitate advisory services in support of the FDIC DRR Securitization Program. Pentalpha advisors utilize the source data to generate analyses, cash flow models, due diligence reviews, asset assessments, and supporting documentation such as meeting agendas to aid interactions with stakeholders.

## Sources of Information – Pentalpha

**FDIC/DRR:** The FDIC transmits REO portfolio data to Pentalpha either via the FDIC Secure Email Service, or the FDIC's secure web-based system. The REO portfolios are comprised of documentation such as:

- **Active Repay Plans** which include PII such as investor names and loan numbers, and other data such as repayment amounts, repayment terms, and payment statuses.
- **Broker Price Opinion (BPO) Valuations** which include PII such as REO asset addresses, and other data such as asset numbers, and appraisal values.
- **FDIC Monthly ORE Portfolio Reports** which include PII such as property addresses and loan numbers, and other data such as inventory codes, list/sale prices, repair/eviction schedules, property identification numbers, client identification numbers, asset managing organizations, and balances.

**Loan Servicers:** Loan Servicers transmit data files concerning trust assets to Pentalpha via a secure web-based email service. The data files may include documents such as:

- **REO Business Plans** which include PII such as property addresses, and other data such as REO property numbers, and pricing information.
- **Agent/Independent BPOs** which include PII such as debtor names, addresses, and loan numbers, and other data such as property numbers, order numbers, assessor parcel numbers (APNs), and appraisal values.
- **Litigation Reports** which include PII such as full names and loan numbers, and other data such as unpaid principle balances (UPBs) and investor/trust codes.
- **FDIC Monthly Updates** which include PII such as borrower names and loan numbers, and other data such as inventory numbers, UPBs, and loan statuses.

**Trustees:** Trustee organizations transmit remittance reports to Pentalpha by providing authenticated access to their secured websites to authorized Pentalpha personnel. Remittance reports include PII such as loan numbers and other data such as balances, loan modification information, loan statuses, and reporting information.

## Notice & Consent

Individuals do not have the opportunity to “opt out” of providing their data and/or consenting to particular uses of their information. The borrowers whose information is contained in the REO portfolio data derived from failed FI records do not have the opportunity to opt out or require consent for the use of their data as the information is acquired by the FDIC from the failed FIs and utilized to fulfill the mission of resolving properties in FDIC/DRR receivership.

## Access to Data – Pentalpha

**Pentalpha Staff, Subcontractors, and/or Systems:** Authorized Pentalpha personnel at their Buffalo, NY and Greenwich, CT offices such as their senior management, data architects, and structuring consultants are responsible for reviewing REO portfolio data from the FDIC, Servicers, and Trustees, and generating reports, analyses, and recommendations to support the FDIC DRR Securitization Program. All FDIC data utilized for these purposes is securely stored on Pentalpha's

outsourced datacenter. No FDIC data is stored locally on systems at the Pentalpha offices.

**FDIC Personnel and/or FDIC Systems/Applications:** FDIC DRR Capital Markets Specialists are responsible for reviewing the generated support documentation such as reports, agendas, analyses, cash flow models, and recommendations which are transmitted from Pentalpha via password-protected encrypted email.

**Other Non-FDIC Entities/Parties and/or Non-FDIC Systems/Applications:** Loan Servicers participate in meetings to discuss the statuses and resolution strategies for real estate assets which they are servicing. Pentalpha transmits meeting agendas via secure email which contain PII such as the loan numbers of the secured residential and commercial real estate loans which are reviewed during these meetings.

## Data Sharing

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

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

## Data Accuracy – Pentalpha

Pentalpha works with FDIC to verify the integrity of the data before and in conjunction with inputting it into the system or using it to support the project.

As necessary, system architects and the Vice President of Production of the DRR Securitization Program Advisory Services checks the data for completeness by reviewing the information, verifying whether or not certain documents or data is missing, and as feasible, updating this data when required.

## Data Security – Pentalpha

Pentalpha has gone through the security review required by the FDIC's Outsourced Information Service Provider Assessment Methodology to determine and verify their having appropriate physical, technical, and administration security measures to safeguard FDIC-provided PII and other sensitive data.

The FDIC conducts background investigations on key Pentalpha personnel and other applicable personnel prior to their beginning work on the contract.

Pentalpha is subject to periodic compliance reviews by FDIC. Per the contract, scheduled and unannounced inspections and assessments of Pentalpha's facilities, personnel, hardware, software, and their security and privacy practices are conducted by one of the following: the FDIC information technology staff, the FDIC Inspector General, or the U.S. General Accountability Office (GAO). These

inspections may be conducted either by phone, electronically, or in-person, on both a pre-award basis and throughout the term of the contract or task order, to ensure and verify compliance with FDIC IT security and privacy requirements.

Within FDIC, Pentalpha's Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager 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.

Additionally, Pentalpha is responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility, and Pentalpha has designated the Chief Operating Officer to have overall accountability for ensuring the proper handling of data by Pentalpha personnel who have access to the data. All Pentalpha 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 Pentalpha's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

Pentalpha must comply with the Incident Response and Incident Monitoring contractual requirement.

## System of Records Notice (SORN)

Pentalpha 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](mailto: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.

