

PRIVACY IMPACT ASSESSMENT

Appraisal Management Services

Duff & Phelps, LLC

(Duff & Phelps)

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FDIC External Services

Table of Contents

[System Overview](#)

[Personally Identifiable Information \(PII\) - Duff & Phelps](#)

[Purpose & Use of Information - Duff & Phelps](#)

[Sources of Information - Duff & Phelps](#)

[Notice & Consent](#)

[Access to Data - Duff & Phelps](#)

[Data Sharing](#)

[Data Accuracy - Duff & Phelps](#)

[Data Security for Duff & Phelps](#)

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

[Contact Us](#)

System Overview

The Federal Deposit Insurance Corporation (FDIC), acting in its capacity as Receiver for failed financial institutions (FIs), acquires assets throughout the continental United States, Alaska, Hawaii, Puerto Rico, Guam, and the American Virgin Islands. The FDIC's Division of Resolution and Receiverships (DRR) relies on appraisals as a significant factor in the marketing and selling of assets, and assisting in the decision-making process regarding the liquidation of an asset. Appraisals that are not reflective of current market trends and conditions adversely affect the disposition of the asset, and create potential losses for DRR. Once an asset is acquired by DRR, the appraisal is used as the basis for either disposing of assets or entering assets into transactions such as settlements, restructures, or foreclosure actions. It is the goal of DRR to dispose of an asset in the most orderly and timely manner which achieves the highest value.

To assist DRR in performing its mandate of disposing of the assets of failed FIs, DRR has contracted the services of Duff & Phelps, LLC (Duff & Phelps) to provide Appraisal Management Services (AMS) on a national basis. These appraisal services are provided for assets in categories such as: 1) Single Family Residential (SFR 1 to 4); 2) SFR complex 1-4; 3) Non-Single Family Residential (non-SFR); 4) Furniture, Fixtures & Equipment (FF&E); and 5) special items.

Duff & Phelps engages the services of appraisers, documents all bids for appraisal services, and provides statistical data via reports. Duff & Phelps then delivers all appraisal documents, final valuation reviews, related correspondence, revised appraisals, and other documentation to DRR via their secure web-based system, which provides controlled access for specifically designated, authorized DRR personnel.

Personally Identifiable Information (PII) - Duff & Phelps

Duff & Phelps collects personally identifiable information (PII) that may include: full name; date of birth; place of birth; Social Security number (SSN); employment status, history or information; home address; phone number (personal); email address (personal); financial information; driver's license or state identification number; vehicle identifiers; legal documents, records or notes; education records; military records and/or status; and photographic identifiers.

Purpose & Use of Information - Duff & Phelps

Appraisals are used as the basis for negotiations with acquiring institutions (AIs) when DRR markets assets from failed FIs. They are also used to manage properties and loans to assist the FDIC with disposition of failed FI assets which achieves the highest value for the FDIC in the most orderly and timely manner. The appraisals help as the basis for the disposition of assets or to enter into transactions such as settlements, re-structures, or foreclosure actions.

Sources of Information - Duff & Phelps

Collected from FDIC system(s)/application(s): FDIC/DRR personnel collect data for assets in receivership from failed FIs containing the PII mentioned above. FDIC/DRR submits appraisal requests to Duff & Phelps in the form of Excel Spreadsheets via secure email. Duff & Phelps uploads the appraisal requests onto their secure web-based system. Additionally, the FDIC may also upload additional appraisal data to Duff & Phelps' secure web-based system. Data may include property owner's full name and home addresses.

Collected from Loan Servicer(s) and Interim Servicer(s): Specific loans servicers manage residual loans from failed FIs on behalf of FDIC/DRR. The managed loans are the result of receiverships which were either not sold to AIs, or not auctioned. The loan servicers prepare order requests on Excel spreadsheets and email these requests to Duff & Phelps. Duff & Phelps emails these requests to FDIC/DRR's oversight manager (OM) to request authorization to proceed with ordering the appraisals. Data elements that are provided by the loan servicer may include the PII elements from the acquired loan file already with the loan servicer such as: full name, date of birth, SSN, home address, phone number, email address, employment status or information, financial information (account number, loan balance, loan interest rate, loan status), and a copy of a borrower's driver's license which contains both a photograph and a driver's license/state identification number. Other PII which may be included are a borrower's place of birth, legal documents, records, or notes (e.g., divorce decree), military service history, vehicle identifiers, and education records (depending on the type of loan).

Collected from Third-Party Appraiser: Duff & Phelps' secure web-based system is used to engage the services of outside third-party appraisers through soliciting bids and choosing from prospective bidders based on the appraisal criteria required by Duff & Phelps (i.e., sample appraisals by the third-party appraiser, credentials, price, turnover time, and location of property). All bids are documented; bidding data provided to the third-party appraisers may include appraisers' business names, identified points of contact, business phone numbers, dates and amounts of the bids, and assets for which the bid was submitted. Appraisal reports generated from the third-party appraisers may include information such as property owners' or borrowers' names and addresses. Once the third-party appraisers complete the appraisals, the appraisal reports are uploaded to their secure web-based system for Duff & Phelps' review. Duff & Phelps' personnel review and approve the appraisal reports, and provide the reports to FDIC/DRR by uploading the report files to the secure web-based system.

Notice & Consent

Individuals do not have the opportunity to "opt out" of providing their data and/or consenting to particular uses of their information. Individuals may not opt out of providing data, as the FDIC, acting in its Receivership capacity, is required to market and sell all assets acquired from failed FIs, as soon as possible after the closing of the institution. To achieve this goal, the FDIC has contracted with Duff & Phelps to help with asset appraisals from failed FIs. Duff & Phelps requires access to all personal information relating to each asset, in order to appropriately conduct appraisal management services.

Access to Data - Duff & Phelps

Duff & Phelps Staff, Subcontractors, and/or Systems: Duff & Phelps receives appraisal orders from FDIC/DRR for assets in receivership in the form of an Excel Spreadsheet. Data may include a property owner's full name and home address. Duff & Phelps engages the services of outside state-licensed and certified third-party appraisers. Once the third-party appraiser has completed the appraisals, the appraisal reports are uploaded to their secure web-based system for Duff & Phelps' review. Duff & Phelps' personnel review and approve the appraisal reports, and provide the reports to FDIC/DRR by uploading the report files to the secure web-based system. Property owners' names and addresses may be included in appraisal reports received by Duff & Phelps from the third-party appraisers. Access to their secure web-based system is maintained by Duff & Phelps' IT Access Control teams.

FDIC Personnel and/or FDIC Systems/Applications: FDIC/DRR requires access to Duff & Phelps' secure web-based system for the OM, Technical Monitor (TM), and other individuals within DRR as requested by the OM and TM. These personnel are provided with login and password information to the secure web-based system by Duff & Phelps' personnel where the appraisal reports are located.

The FDIC submits appraisal order forms to Duff & Phelps via secure email. Duff & Phelps provides the completed appraisal reports to the FDIC via their secure web-based system, which provides controlled access for specially designated FDIC personnel. The FDIC Franchise and Asset Marketing Branch (FAMB) has access to the data for the responsibility for marketing and selling failed FI assets. DRR Owned Real Estate (ORE) and Loan Asset Management have access to the appraisal data for asset management purposes. FDIC Contract Oversight has access to the data for quality control and problem resolution.

The FDIC posts additional appraisal data, documents, and photographic images (as needed) directly to the secure web-based system. The FDIC retrieves residential and commercial property appraisal reports from the secure web-based system. Only individuals with full FDIC background clearances that have signed all confidential agreements have access to this information.

Other Non-FDIC Entities/Parties and/or Non-FDIC Systems/Applications:

- **Marketing & Management (M&M) Contractors¹:** The appraisal reports are reviewed and posted to Duff & Phelps' secure web-based system and may be accessed by the FDIC's M&M contractors via user name and passwords which are controlled by Duff & Phelps's personnel. M&M contractors have access to the data for ORE property management and sales purposes. Access to the appraisal folder on the secure web-based system is restricted to persons approved by the TM.
- **Loan Servicers:** Specific loan servicers manage residual loans from failed FIs on behalf of FDIC/DRR. The managed loans are the result of receiverships which were either not sold to AIs, or not auctioned. The loan servicers prepare appraisal order requests on Excel spreadsheets and email the

¹ FDIC ORE properties are managed and marketed by ORE Management and Marketing (ORE M&M) vendors and/or FDIC Account Officers. ORE M&M vendors are engaged to manage, market, and sell FDIC assets. Asset portfolios include the following types of property: Bank Premises, Commercial, Land (improved and unimproved), Single Family (1-4 units), Multifamily, Mixed (combination of multifamily and retail), and other assets within FDIC's capacity. For more information on the FDIC ORE M&M vendors, please refer to the ORE M&M Services Privacy Impact Assessment at www.fdic.gov.

requests to Duff & Phelps. Duff & Phelps in turn email these requests to DRR's OM to request authorization to proceed with ordering the appraisals. After receiving an approval email from the OM, Duff & Phelps notifies and approve the requests by the loan servicers. Duff & Phelps' IT Access Control teams approve loan servicing personnel access with user logins and passwords to designated folders on their secure web-based system. Data elements, along with the appraisal requests, provided by the loan servicer include the PII elements from the acquired loan file already with the loan servicer such as: full name, date of birth, SSN, home address, phone number, email address, employment status or information, financial information (account number, loan balance, loan interest rate, loan status), and a copy of a borrower's driver's license which contains both a photograph and a driver's license/state identification number. Other PII which may be included are a borrower's place of birth, legal documents, records, or notes (e.g. divorce decree), military service history, vehicle identifiers, and education records (depending on the type of loan).

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 - Duff & Phelps

Data is collected directly from individuals and from the failed FIs. As such, the FDIC and Duff & Phelps rely on the individuals and financial institutions to provide accurate data.

Duff & Phelps works with FDIC to verify the integrity of the data in conjunction with inputting it into the system or using it to support the project.

As necessary, an authorized Duff & Phelps administrator 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 - Duff & Phelps

Duff & Phelps 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 Duff & Phelps personnel and other applicable personnel prior to their beginning work on the contract.

Duff & Phelps is subject to periodic compliance reviews by FDIC. Per the contract, scheduled and unannounced inspections and assessments of the Outsourced Service Providers' 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, Duff & Phelps's Program Manager, Quality Control Manager, TM, OM, 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, Duff & Phelps is responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility, and Duff & Phelps has designated managing partners and program managers to have overall accountability for ensuring the proper handling of data by Duff & Phelps personnel who have access to the data. All Duff & Phelps 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 Duff & Phelps' corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

Duff & Phelps must comply with the Incident Response and Incident Monitoring contractual requirement.

System of Records Notice (SORN)

Duff & Phelps 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.

