

# PRIVACY IMPACT ASSESSMENT

## KeyCorp Real Estate Capital Markets, Inc. (KeyCorp)

July 2012

FDIC External Servicer

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## System Overview

When an FDIC-insured financial institution fails, one of FDIC's primary tasks is to dispose of the failed bank's loans/assets in a manner that maximizes their value. FDIC employs several strategies, one of which involves selling some or all of the failing bank's assets to healthy financial institutions. Loans not sold in the initial sale are packaged and offered for sale to the broader financial market. Until the FDIC sells the failed bank's assets/loans, it undertakes the associated servicing responsibilities.

Within FDIC, the Division of Resolutions and Receiverships (DRR)<sup>1</sup> is responsible for the operation, management and loan servicing of the retained loans<sup>2</sup> from the failed financial institution. The FDIC/DRR contracts with third-party Loan Servicing Companies ("Servicers") to assist with its servicing responsibilities. Servicers are charged with safeguarding assets while providing loan services, such as general loan administration, debt restructuring, and collection services appropriate to the type of loan being serviced. The FDIC has contracts with commercial, residential, and Small Business Administration (SBA) Servicers and each is regulated to service specific collateral types.

DRR has retained the services of KeyCorp Real Estate Capital Markets, Inc. (also known as KeyBank) to assist with general loan administration and collection services for Commercial Loans<sup>1</sup>, collateralized and classified as real estate and non-real estate. KeyCorp 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 connection with servicing 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 (transferring) loans from the previous servicer's system according to standards set forth in the contract with the FDIC;
- 4) Converting/transferring, from the previous servicer's system, the year-to-date interest paid by the borrower to enable KeyCorp to produce IRS 1098 statements and any other required IRS reports for the entire calendar year;
- 5) Assisting the FDIC in the sale of loans (this function is on an as-needed basis and is not a primary role of the contractor.);
- 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.

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<sup>1</sup> The Receiver is responsible for providing a full range of servicing for commercial loans, residential mortgage loans, and consumer loans. In addition, the Receiver may have a variety of ownership interests or servicing responsibilities in securitizations, Real Estate Mortgage Conduits (REMIC), and similar types of products.

<sup>2</sup> Commercial loans comprise many diverse types of business-purpose loans. They include loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment, or installment. Loans to individuals for commercial, industrial, and professional purposes, but not for investment or personal expenditure purposes, also are included.

## Personally Identifiable Information (PII) in KeyCorp

KeyCorp maintains personally identifiable information (PII) and non-PII relating to guarantors, borrowers/customers of failed financial institutions and receivership payees or payers.

PII elements collected pertaining to the individuals and groups listed above may include: full name, date of birth, Social Security Numbers (SSNs), mother's maiden name, home address, phone numbers (non-work), email address (non-work), financial information (e.g. checking account number, PINs, credit report, etc.), Driver's License/State Identification Number, Legal Documents, Records, or Notes (e.g. divorce decree, criminal records, etc.), and photographic identifiers (e.g. image, x-ray, video).

KeyCorp receives initial loan/asset data from the failed financial institution via the loan conversion/transfer process. Once converted into the KeyCorp system, the records are assigned a unique identifier. KeyCorp staff retrieves records in the loan servicing system using this unique identifier. However, FDIC users who have access to KeyCorp's secure website will generally retrieve information using non-personal identifiers, such as Financial Institution Number (FIN) or the FDIC asset identifier.

## Purpose & Use of Information in KeyCorp

KeyCorp obtains data directly from the individual and the failed financial institution. The data maintained in KeyCorp is both relevant and necessary for the purpose to perform general loan servicing and collection activities in accordance with its contractual agreement with FDIC. These activities may include, but are not limited to the following:

### General Loan Administration:

- Conversion of delivery of loans, monitoring loan file content, and assisting the Receiver with the repurchase of loans
- Administration of loans including collecting and recording payments, payoff processing and release of liens
- Providing the DRR Oversight Manager (OM) with the necessary information and documentation to allow an appropriate response by the FDIC to Congressional or public inquiries (Freedom of Information Act requests)
- Maintenance of insurance in accordance with the terms of the loan documents
- Payment of real estate taxes in accordance with the terms of the loan documents

### Default Management:

- Monitor defaults and collect sums past due on loans
- Restructure or modify the loan
- Pursue short sales or compromises
- Foreclose or repossess collateral

### Loan Sales Support and IRS Reporting Requirements:

- Upon request, KeyCorp may be required to provide sales support to FDIC/DRR by maintaining marketing pool codes on the loan assets, performing or assisting with the performance of due diligence, providing loan

status updates, performing settlement services, transferring loans to a new servicer, and preparing assignments of sold loans.

- KeyCorp generates the IRS 1098 and 1099 forms for all loan accounts on record as part of the loan servicing agreement. These documents are required for IRS reporting purposes and may contain PII data for the responsible party on file.

## Sources of Information in KeyCorp

Information in KeyCorp is provided by various sources:

- **Customers/Individuals** - KeyCorp hosts an internet site which provides failed institution customers access to their individual loan accounts. Customers may create an account (register) to conduct private business such as transactions relating to their loans and investments. During the registration process, the customer's name and contact information is collected. Additionally, as part of KeyCorp servicing loans, KeyCorp collects loan payments and financial documents, which contain PII, via emails, fax, hardcopy forms, online forms through KeyCorp's website, and telephone conversations with the customer.
- **Failed Financial Institution** – During the initial loan conversion/transfer process, FDIC staff provides all pertinent failed bank asset/loan data to KeyCorp. KeyCorp staff uploads the data to their loan servicing system and reviews the data to ensure successful completion of the conversion/transfer process. Additionally, FDIC staff may ship hardcopy loan files and collateral files received after the initial conversion to KeyCorp. KeyCorp staff then scan and upload the files to its secure loan servicing system. Finally, KeyCorp may conduct asset, Uniform Commercial Code (UCC), or other financial-related searches on borrowers/guarantors, as well as obtain their credit reports from third-party credit bureaus as part of its general loan servicing and collection responsibilities. KeyCorp staff uploads the resulting information into the borrower's file in their loan servicing system.
- **KeyCorp Staff** – Following the initial loan conversion/transfer process described above, authorized KeyCorp staff may manually enter some or all of the above-checked PII about borrowers/payers/guarantors into the KeyCorp loan servicing system as part of their servicing and management of loans.

## Notice & Consent

Individuals do not have the opportunity to "opt out" of providing their information for inclusion in KeyCorp. 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. FDIC has contracted with third-party firms, such as KeyCorp, to help service assets acquired from failed institutions to achieve this goal. All information obtained is necessary in order to appropriately service, modify, or as a last resort, foreclose on a loan, or assist with the selling of all assets/loans.

## Access to Data in KeyCorp

Authorized FDIC DRR staff and Legal Division staff receive direct access to KeyCorp's secure website for various purposes. After the loans/assets from the failed institution are transferred to KeyCorp's loan servicing system, FDIC staff receive a copy of the final conversion file from KeyCorp for purposes of reconciliation. Authorized FDIC staff also access the data on a "need to know" basis in support of loan administration activities, to adjudicate suitability of assets/loans for the sales process, financial research and reconciliation, investigations, professional liability claims, and other legal matters related to the Receivership.

Authorized contractors who support FDIC employees may receive loan information on an "as-needed" basis to support FDIC employees in managing the loans for failed banks. However, contractors do not have direct access to KeyCorp's website.

KeyCorp provides non-FDIC Entities/Parties such as Financial Advisors and Due Diligence Firms secure monthly reports in support of their asset valuation, marketing, and sales activities. KeyCorp securely provides monthly reports that contain payment/transaction histories and loan comments to DRR Asset Management staff, who post the reports to the appropriate Virtual Data Room (VDR) workspace. These reports may contain PII about borrowers/guarantors and are accessed by Financial Advisors and Due Diligence contractors in support of their asset valuation, marketing, and sales activities on behalf of the Receiver. Outside Legal Counsel may obtain secure copies of requested documents from KeyCorp, on FDIC's behalf, for litigation and discovery purposes.

KeyCorp securely transfers sold asset data from their loan servicing system to a winning bidder's/purchaser's loan servicing system, after successful liquidation. Hardcopies of loan files are securely transported to the purchaser, or another location designated by FDIC, in accordance with strict FDIC policies governing the protection of PII. In some instances, FDIC DRR Asset Management may notify KeyCorp to securely transfer assets to the appropriate Judgments Deficiencies Charge-offs (JDC) Partner<sup>2</sup>.

The Internal Revenue Service (IRS) also receives IRS 1098s/1099s and other required tax reporting documents from KeyCorp.

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<sup>2</sup> The FDIC sells assets to JDC partners in order to recover as much as possible from assets which otherwise have been charged-off. Through JDC sales, the FDIC is able to recover some funds for assets with limited to no current market value.

## Data Sharing

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

System Name	System Description	Type of Information Processed
<b>Controls Total Module (CTM)</b>	KeyCorp application designed to update asset balances and maintain journal entries.	Financial data that may contain limited PII such as borrower's name
<b>FDIC Automated Corporate Tracking System (FACTS)</b>	FACTS is an application tool designed to track service requests, inquiries and business cases related to financial institution resolution and receivership activities.	Full name, employment status, email address, telephone number, SSN, loan documents, legal documents, financial records, and non-PII

## Data Accuracy in KeyCorp

Data is collected directly from individuals and the failed financial institution. These individuals and the financial institutions are responsible for the accuracy of the information provided.

KeyCorp and FDIC verify the data before, in conjunction with, or after inputting the data into the system. An authorized KeyCorp administrator reviews the information, as necessary, to ascertain missing data, and updates data when required.

## Data Security for KeyCorp

KeyCorp has gone through the 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. Within FDIC, the KeyCorp Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager (ISM) are collectively responsible for safeguarding the data. The Outsourced Information Service Provider KeyCorp Project Manager has overall accountability for ensuring the proper handling of data by authorized vendor personnel. All authorized vendor personnel and contractors employed by DRR must sign FDIC's Confidentiality and Non-Disclosure agreements and abide by stringent FDIC security and privacy requirements.

All authorized FDIC users and contractors must complete the mandatory Corporate Security and Privacy Awareness Training Course, which includes Rules of Behavior.

## System of Records Notice (SORN)

KeyCorp operates under the FDIC Privacy Act SORN, 30-64-0013, *Insured Financial Institution Liquidation*.

## 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.

