

PRIVACY IMPACT ASSESSMENT

Owned Real Estate (ORE) Management & Marketing Services

June 2015

FDIC External Services

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System Overview

Following the failure of a financial institution, the FDIC, as receiver, initiates a resolution process in which it assumes the task of selling or disposing of the failed financial institution's loans and other assets in a manner that maximizes their value. Some of these assets may consist of real property, also known as owned real estate (ORE)¹, which includes bank-owned premises (real estate used in the operations of the failed institution), as well as other owned real estate (real estate acquired by the failed institution by way of foreclosure or loan settlement). The FDIC Division of Resolutions and Receiverships (DRR) has retained the services of third-party asset management firms, such as Prescient, Inc. (Prescient) and Quantum Partners (Quantum), to assist with the acquisition, research, preparation for marketing, management, marketing and final disposition of all types of real property/ORE acquired by the FDIC in its Receivership capacity.

As part of the aforementioned services, the ORE Management and Marketing Services (ORE vendors) perform the following activities, which may involve the collection and maintenance of personally identifiable information (PII) about individuals as described below:

1. **Assist FDIC During the Acquisition Phase** – ORE vendors assist the FDIC in conducting pre-closing planning and portfolio reviews to develop a strategy to handle ORE from financial institutions that have the potential to fail. Upon failure, FDIC/DRR staff and/or ORE vendors, if requested by FDIC, attend the closing of the financial institution to inventory and gain control of the ORE and, thereafter, either remain on-site or move the files, management, and marketing of the ORE assets to ORE vendors' location at the discretion of the FDIC. The ORE files, which contain property-related information with minimal or no personally identifiable information (PII) (e.g., previous owner name and property address), are either picked up by ORE vendors or packaged and shipped to ORE vendors in accordance with DRR's secure shipping policies.
2. **Prepare Real Property for Marketing** – ORE vendors assist the FDIC in making properties marketable by obtaining services such as appraisals, broker's price opinions, title work, and environmental assessments of the property. While these appraisals generally contain no PII, the environmental assessments contain the history of the ORE ownership with the name of the previous owner and property address.
3. **Manage ORE** – ORE vendors assist the FDIC in inspecting, securing and managing ORE to prevent erosion of value. ORE vendors also place the ORE under the FDIC's blanket insurance policy and pay and protest property taxes as required. In limited instances, and for certain types of property (e.g., income-producing residential properties), ORE vendors or their authorized subcontractor(s) may perform property management activities that involve PII, such as establishing a current rent roll, collecting rent, and securely maintaining/disposing of any historical tenant records belonging to the previous property management firm. These historical tenant records, along with the current rent rolls and rent payments, have the potential to contain

¹ While residential (including multi-family) and commercial properties (e.g., office, retail, light industrial, etc.) comprise the majority of ORE, it could also include agricultural, developed lots, construction in progress, raw land, or other types of real estate.

- sensitive PII about tenants/occupants, such as name, contact information, Social Security Numbers (SSNs), employment information, and credit/financial information, as applicable.
4. **Market, Sell & Close on ORE** – For properties that are marketable, ORE vendors undertake or assist with the tasks of marketing, selling and closing on the properties. ORE vendors use real estate brokers to expose properties to the broadest market possible and sell them at the highest return possible.
 - a. To facilitate the marketing of ORE assets, Prescient, Inc. operates a secure public-facing website where prospective purchasers can register to receive notifications about upcoming FDIC sales events. As part of the registration process, Prescient requires prospective purchasers to provide the following information in order to view property listings: full name, address (city, county, state, and zip code), email address, User ID and password. The collected information may be business or personal in nature, depending on what the individual provides.
 - b. Quantum also provides property listing information on its website in order to market FDIC listings; however, Quantum does not require prospective purchasers to sign up, register or input any personal information to view listings. Quantum does not list information containing PII or SI on their website, nor do they collect any PII or SI from potential buyers.
 5. **Research Potential ORE** – From time to time, the FDIC as Receiver receives inquiries from the private and/or public sector for tax bills on properties that are not carried on FDIC's books. If ownership can be established in the FDIC's name, these assets are typically labeled "Discovered Assets." To address inquiries from investors or taxing jurisdictions, ORE vendors research FDIC systems and records², and public records to determine if the property is owned by the FDIC. If the title is vested in FDIC's name, the property is prepared for marketing. This process of researching Discovered Assets typically does not involve PII, as "inquirers" are generally entities (as opposed to individuals), and ORE property records list FDIC or the failed institution, not individual borrowers, as the property owner.

ORE vendors primarily store records containing the aforementioned PII in their secure ORE asset management system and in hardcopy ORE asset management/marketing files. In all cases, the ORE vendors are required to securely handle, maintain, and dispose of such PII, in accord with its contract and signed Confidentiality Agreements with FDIC.

Personally Identifiable Information (PII) – ORE

ORE vendors collect personally identifiable information (PII) that may include: full name; Social Security number (SSN); employment status, history, or information;

² Prior to gaining access to FDIC systems and records, ORE Contractors must pass security clearances and execute FDIC Confidentiality Agreements, which require them to protect the confidentiality of all FDIC systems and data and to prevent its inappropriate or unauthorized use or disclosure. In addition, access to specific FDIC information technology (IT) applications may require further internal access requests that must be completed and granted before access is provided.

home address; phone number(s); email address; financial information; driver's license/state identification number; and legal documents, records, or notes.

Purpose & Use of Information – ORE

The PII collected or obtained by ORE vendors on behalf of the FDIC/receiver, as specified above, is used solely to assist the FDIC/DRR with the acquisition, research, preparation for marketing, management, marketing, and sale or final disposition of all types of Owned Real Estate (ORE) acquired from failed financial institutions.

Sources of Information – ORE

Property Occupants/Tenants: Sensitive PII is collected either by mail, phone, or in person from property tenants/occupants, by the ORE vendors or their authorized subcontracted property management firms. This may include name, home address, phone number, email address, monthly rent amount, past due rent amount, and potentially personal checking account number, and SSNs.

NOTE: In rare instances, tenants may submit personal checks with PII to pay their rent; typically, rent payments are handled via an electronic lockbox. Rent rolls (which contain tenant names, addresses, and monthly rent amounts) and other tenant information are added to the ORE vendors' asset management systems and hardcopy asset management/marketing files.

Prospective and Winning Purchasers: Prospective purchasers must register on the Prescient website to view property listing by providing the following information: full name, mailing address, email address, user name and password. Registration information submitted online to Prescient is maintained in Prescient's secure systems. Quantum does not currently collect any PII from prospective purchasers who wish to view property listings. However, individuals have the option to submit their information (name, email address, and phone number) to join Quantum's marketing/mailling list or to receive additional information about a particular type of listing. The collected information may be business or personal in nature, depending on what the individual provides. The prospective purchaser/marketing lead information is maintained in the ORE vendors' secure ORE asset management systems and used to notify individuals about future sales events.

Prospective purchasers also complete a Purchaser Eligibility Certification (PEC) form, which collects their name, address, telephone number, email address, and SSN/TIN. The prospective purchaser's broker may submit the Purchase and Sale Agreement (PSA) and the PEC form to the ORE Vendor via email or overnight mail. The ORE Vendor then forwards the PEC forms to the FDIC via secure email or overnight mail.

For live auctions, authorized FDIC/DRR personnel collect the hardcopy PEC forms and enter the information into a spreadsheet in order to submit electronically via secure email to the U.S. Treasury Department Office of Foreign Asset Control (OFAC). PEC forms are not retained and are shredded onsite after the OFAC screening has been performed. The PII collected includes name, address, telephone number, and TIN/SSN.

Failed Financial Institutions (or Vendors as applicable): When a financial institution fails, FDIC/DRR staff assume control of the FI's ORE records and related loan files such as appraisals, inspections, and property descriptions on site at closing. Hardcopy and electronic copies (images) of the FI's ORE records are transferred to ORE vendors using DRR's secure shipping procedures. On occasion, ORE vendors may be requested to come onsite to assist the FDIC with an FI closing; in such cases, ORE vendors can gather ORE files and transfer them securely back to the vendor locations. The ORE files contain limited PII and may include names of former property owners/debtors and the property addresses. ORE Vendor staff manually enter data from the ORE records and/or upload documents into their secure ORE systems; hardcopy files are retained in secure ORE Vendor locations.

NOTE: Historic loan numbers and credit information for debtors are not included in the ORE files.

Appraisal, Title & Survey Specialists/Companies: ORE vendors obtain appraisals, title work, broker's opinions, environmental assessments, surveys, etc. obtained from qualified third-party firms or FDIC-approved contractors (e.g., FDIC National Valuation Service Contractors, Environmental Due Diligence and Site Assessment Contractors, Construction Site Inspection Contractors, etc.). These appraisals and surveys typically include limited or no PII, such as asset name (which may be a previous owner's name in certain instances), the associated property address, and FDIC book value. The ORE vendors add these appraisals and reports to their hardcopy asset management/marketing files and upload the records to their secure ORE asset management systems.

Taxing Authorities & County Recorder Offices: ORE vendors obtain title deeds and tax records from government taxing authorities and county recorder offices, in hardcopy format or as a file download from the agencies' publicly accessible websites. Limited, publicly-available PII in these documents may include the former property owner/debtor name, property address, assessed value, and delinquent tax amount, which are added to ORE vendors' hardcopy asset management/marketing files.

Property Inspection Reports: ORE vendors conduct onsite inspections of properties in preparing the properties for marketing on behalf of the FDIC. Property Inspection Reports detail the property condition and may include minimal PII, such as the names, addresses/unit numbers, and telephone numbers of any tenants or occupants.

Property Management Firms: In the process of marketing properties, ORE vendors may locate and gather pertinent hardcopy and electronic records (e.g., leasing records, security deposits, rent rolls, etc.) maintained by the property's previous management company. These historical records maintained by Property Management Firms may include sensitive PII about property tenants/occupants, such as their names, home addresses, phone numbers, monthly rent amounts, and leasing applications with SSNs, employment information, renting history, financial information, credit history, and copies of personal checks and driver's licenses or other forms of identification.

FDIC Communication, Capability, Challenge, and Control (4C) System: FDIC obtains ORE property listings from the FI and sends the list to ORE vendors via Excel

spreadsheet. These properties are active and are assigned to the ORE vendors for marketing and selling; additional information with key property data fields from the FDIC Communication, Capability, Challenge, and Control (4C) application is also downloaded by the FDIC and provided in an Excel spreadsheet to ORE vendors. ORE vendors use the information provided to reconcile property data on their Websites. PII may include the former property owner's name and the address of the property they formerly owned, which is now owned by FDIC as Receiver. Most of the information contained is non-PII describing the real estate property.

Notice & Consent

Individuals may not opt out, as the FDIC, acting in its Receivership capacity, is required to manage or dispose of all assets acquired from the closing of financial institutions, as soon as possible after that closing. To achieve this goal, the FDIC has contracted with third-party firms, such as Prescient and Quantum (ORE vendors), to help manage, market, sell, or otherwise dispose of ORE assets acquired from failed institutions. As part of these duties, these firms require access to all information on each ORE asset, including any PII.

Prospective purchasers may decline to provide their personal information for use by the ORE vendors performing tasks on behalf of the FDIC/Receiver; however, they will be ineligible to qualify for purchase if they do not provide the required information.

Access to Data – ORE

ORE vendors' Staff, Subcontractors, and/or Systems: Authorized ORE vendors have access to the PII listed above on a "need to know" basis as part of their ORE maintenance, management, marketing, and sale duties. In addition, ORE vendors grant authorized subcontractor(s) (e.g., brokers, property management firms, etc.) access to ORE data, including tenant/occupant and prospective purchaser PII, to facilitate real estate management and closing activities on behalf of the FDIC. Per their contractual agreement with FDIC, the ORE vendors take full responsibility for the conduct of their staff and subcontractors to ensure the confidentiality, integrity and availability of the sensitive information collected and maintained by ORE vendors on behalf of FDIC.

Authorized ORE vendors upload, enter, manage, and maintain some or all of the PII identified above in their proprietary ORE/real estate asset management systems. These systems provide full management and support for the life of a real estate asset from acquisition to sale. They also provide users with a complete database of asset information combined with fully electronic asset file and document storage capability. These systems are integrated with ORE vendors' external sales and marketing websites to provide flexible and dynamic marketing capabilities. In addition, ORE vendors maintain bidder registration data, which include sensitive PII such as SSN/TIN, in a separate secured database that is subject to SSAE 16³ audit.

³ Additional information on SSAE 16 (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization) reports can be viewed at <http://www.aicpa.org/soc>.

FDIC Personnel and/or FDIC Systems/Applications: Authorized FDIC/DRR ORE employees involved with the resolution process following the failure of a financial institution have secure, web-based access to the PII collected by ORE vendors and stored in ORE vendors' asset management systems in order to oversee and facilitate the management, marketing, sale and final disposition of all types of real property. Authorized FDIC/DRR Contract Management Oversight staff have access to ORE vendors' systems to oversee and review the work performed by ORE vendors. In addition, authorized FDIC/DRR Asset Marketing staff has access to PEC forms with sensitive PII about purchasers, in order to screen them against the U.S. Treasury Department Office of Foreign Asset Control (OFAC) watch lists of terrorists. ORE vendors provide the PEC forms to authorized DRR staff in-person at live auctions or via secure email.

Qualified Bidders/Purchasers: Qualified bidders and investors access ORE vendors' secure websites to review FDIC-acquired property listings and related evaluation materials, which may contain personal information about property owners, occupants, and tenants, for purposes of conducting due diligence. Only qualified purchasers who have properly executed the FDIC's Confidentiality Agreement are able to view listings or data with personal information.

Government Taxing Authorities & County Recorder Offices: ORE vendors send certain documents, such as tax statements and recorded deeds, which include minimal, publicly-available PII (e.g., property address and name of previous property owner) to state and local tax authorities and county recorder offices, as part of performing real-estates closing activities and making or protesting property tax payments on (FI) properties they manage. For example, ORE vendors notify the appropriate taxing authority offices about changes in ownership when properties are sold. The information provided to the taxing jurisdictions contains the purchaser name and address, as well as a copy of the recorded documents. Deed and tax-related information are either mailed or manually entered on the agencies' websites by ORE vendors, and final copies of the documents are added to the electronic and hardcopy asset management/marketing files.

Data Sharing

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

System Name	System Description	Type of Information Processed
FDIC Automated Corporate Tracking System (FACTS) ⁴	FACTS is a web-based tracking tool used by the FDIC to log and route inquiries, requests for information and services, etc. Authorized ORE vendors write "ORE cases" to seek FDIC/DRR approval to take certain actions with respect to failed bank properties/ORE. ORE vendors submit the cases via encrypted email to a designated FDIC/DRR ORE Specialist who uploads them into FACTS.	ORE cases (including budget cases) typically include no PII or minimal, publicly-available PII, such as the name and address of a previous property owner. However, certain ORE cases require supporting documentation with sensitive PII, such as ORE sales cases with Purchaser Eligibility Certifications (PECs) containing the name, contact information, and TIN/SSN of the prospective purchaser.
FDIC ORE Tracker ⁵	ORE Tracker is an internal FDIC tracking system used by FDIC/DRR personnel to maintain, track, and report on asset-related information for real property/ORE. The system also supports the information collection and reporting of requirements for the sale and oversight management of FDIC ORE assets. ORE vendors securely submit an electronic ORE reporting data file to a designated FDIC/DRR ORE Specialist who provides it to BIS staff. BIS staff upload the file into ORE Tracker to update ORE asset information.	The file contains: property address and status; synopsis of any litigation or legal issues; and PII such as the purchaser name and whether they are a minority; the name of the legal owner on deed or title; the name of individuals or firms who protested a tax assessment; and the names and contact information (generally work-related) for the FDIC environmental specialist, account officer name, property inspector, property manager, listing real estate agent, asset manager, and FDIC legal counsel.

⁴ FACTS is a web-based tracking tool used by the FDIC to log and route inquiries, requests for information and services, etc. For more information, see the FACTS PIA at www.fdic.gov.

⁵ ORE Tracker is an internal FDIC tracking system used by FDIC/DRR personnel to maintain, track, and report on asset-related information for real property/ORE: The system also supports the information collection and reporting of requirements for the sale and oversight management of FDIC ORE assets.

System Name	System Description	Type of Information Processed
FDIC Communication, Capability, Challenge and Control (4C) ⁶	4C houses all asset data for failed FIs and managed data flow and updates from banks, application service providers, as well as internal and external servicers. On a periodic basis, ORE vendors securely submit an electronic "4C enrichment report/transaction file," to a designated FDIC/DRR ORE Specialist ⁷ who in turn provides it to FDIC/DRR Business Information Systems (BIS) staff. BIS staff upload the file into 4C to update the asset information. In addition, authorized ORE vendors have direct access to 4C, including all PII contained therein, in order to research and review ORE asset information for properties they are managing on behalf of the FDIC.	The 4C enrichment file contains the property address and status with minimal PII, such as the names and contact information (typically work-related) for the appraiser, listing broker, and property manager.

Data Accuracy – ORE

Data is collected directly from individuals and/or from the failed FIs. As such, the FDIC and its vendors rely on the individuals and/or FIs to provide accurate data.

As necessary, the Quantum Managing Director and the Prescient Operations Manager check 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 – ORE

The ORE vendors have 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 ORE Vendor personnel and other applicable personnel prior to their beginning work on the contract.

The ORE vendors are subject to periodic compliance reviews by FDIC. Per the contract, scheduled and unannounced inspections and assessments of the ORE vendors' 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.

⁶ 4C houses all asset data for failed financial institutions and managed data flow and updates from banks, application service providers (ASPs), as well as internal and external servicers. For more information, refer to the 4C PIA at www.fdic.gov.

⁷ To ensure 4C data integrity for contractor-managed ORE assets, designated FDIC/DRR ORE Specialists ("Account Officers") validate the information from the contractor files by comparing it to the contractors' source documentation. They also perform periodic audits of the source documentation and the contractor systems.

Within FDIC, the ORE Vendor 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, the ORE vendors are responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility, and the vendors have designated the Quantum Managing Director and the Prescient Operations Manager to have overall accountability for ensuring the proper handling of data by ORE personnel who have access to the data. All ORE 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 vendors' corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

The ORE vendors must comply with the Incident Response and Incident Monitoring contractual requirement.

System of Records Notice (SORN)

ORE 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.

