

PRIVACY IMPACT ASSESSMENT

Small Business Lending, Inc. (SBL)

September 2015

FDIC External Services

Table of Contents

[System Overview](#)

[Personally Identifiable Information \(PII\) - SBL](#)

[Purpose & Use of Information - SBL](#)

[Sources of Information - SBL](#)

[Notice & Consent](#)

[Access to Data - SBL](#)

[Data Sharing](#)

[Data Accuracy - SBL](#)

[Data Security - SBL](#)

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

[Contact Us](#)

System Overview

The Federal Deposit Insurance Corporation (FDIC) acts as Receiver¹ for failed financial institutions (FIs). In its Receivership capacity, one of the FDIC's primary tasks is to manage and dispose of the failed FI's loans and assets in a manner that maximizes their value. To accomplish this, the FDIC employs several strategies, one of which involves selling some or all of the failed FI's assets to healthy FIs. Any loans not sold in the initial sale are packaged and offered for sale to the broader financial market. Loans and the rights to service loans are routinely bought and sold by FIs in the private sector. Until the FDIC sells the failed FI's loans or assets, it undertakes the associated loan servicing responsibilities of collecting and crediting borrower payments, and managing escrow accounts. The failure of an FI does not change a borrower's obligation to pay their loan. A borrower will continue to make payments under the original terms of the loan; the only change is that the ownership of the loan has changed to the FDIC.

Within the FDIC, the Division of Resolutions and Receiverships (DRR)² is responsible for the operation, management, and loan servicing of the retained loans from failed FIs. To assist with its servicing responsibilities, the FDIC contracts with third-party loan servicing companies (Servicers). 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. In accordance with their contracts with the FDIC, each Servicer is regulated to service specific types of loans, such as commercial, residential, and government-backed loans. Government guaranteed or insured loans often require specialized servicing and reporting.

The FDIC/DRR has contracted the services of Small Business Lending, Inc. (SBL) to provide external consulting and loan servicing for government-backed and other related loan products³ to maximize recovery on all assets acquired in a receivership transaction, and expedite the return of the assets to the marketplace as quickly as possible via asset sales. SBL will perform several activities, including but not limited to:

- External Consulting Services⁴
 - i. Reconciling government-backed guaranteed loans and government-backed program loans to the failed bank's general ledger;
 - ii. Performing an inventory of loan types at closing for the assigned FDIC asset manager;
 - iii. Providing a complete and comprehensive analysis of trends, deficiencies, and issues that need to be addressed;
 - iv. Advising the FDIC on other government-backed guaranteed loan-related matters; and

¹ A receiver steps into the shoes of a failed financial institution with the goal of liquidating the entity. Federal law grants the FDIC the responsibility to manage the resolution of failed financial institutions. The FDIC as the receiver has similar powers and responsibilities as a bankruptcy trustee. The FDIC can collect all obligations and money due to the failed institution and liquidate its assets and property. The funds generated are used to pay the creditors of the failed institution. Although many of the concepts central to the operation of an FDIC receivership are similar to those of the bankruptcy process there are critical differences between bankruptcy and the FDIC receivership law.

² Within DRR, Accounting, Asset Management, Asset Marketing, Business Information Services, and Post-Closing Asset Management staff each play a role in this process.

³ Per FDIC's contract with Small Business Lending & BSP, the government-backed and other related loans to be serviced by Small Business Lending on behalf of the Receiver may include, but are not limited to, SBA, USDA and the USDA FSA.

⁴ These tasks, which include analyzing and advising on the SBA loan portfolio of failed institutions, are performed before and/or following a bank failure and may be performed on-site at the failed institution.

- v. Providing training and coaching of existing failed bank personnel where needed.
- Loan Servicing Services⁵
 - i. Collecting and recording loan payments;
 - ii. Advancing funds when necessary for partially-funded or unfunded loan commitments, lines of credit, and the protection of collateral;
 - iii. Negotiating, compromising, and restructuring loans;
 - iv. Handling foreclosure, repossession, and other collection services related to loans;
 - v. Providing administrative services related to loan sales;
 - vi. Providing escrow administration and remittance services concerning the loan portfolio;
 - vii. Performing participation reporting functions and remittance reporting functions as defined by the requirements of the administrative agency (i.e., the federal, state or local government agency that guaranteed or participated in the loan); and
 - viii. Providing support to the FDIC in its efforts to sell loans and/or servicing rights.

As part of performing the above services, SBL and its authorized subcontractors collect, use, and maintain sensitive personally identifiable information (PII) about borrowers/customers of FIs. Records containing PII are primarily maintained on SBL's secure loan servicing system.

Personally Identifiable Information (PII) - SBL

SBL collects PII that may include: full name; date of birth; place of birth; Social Security number (SSN); employment status, history or information; mother's maiden name; certificates [e.g., birth, death or marriage]; home address; phone number (personal); email address (personal); employee identification number; financial information; driver's license or state identification number; vehicle identifiers; legal documents, records or notes; education records; criminal information; military records and/or status; investigation reports; and photographic identifiers.

Purpose & Use of Information - SBL

SBL uses the information/data solely to assist the FDIC with analysis, administration, and servicing for government-backed loans and other related loans acquired from failed FIs. These activities are performed in support of FDIC/DRR's goal of maximizing recovery on all assets acquired in a receivership and expediting the return of the assets to the marketplace as quickly as possible via asset sales.

⁵ After loans have been converted (i.e. transferred) from the failed institution's system to Small Business Lending's loan servicing system, SBL provides full loan servicing for government-backed loan portfolios of failed institutions to ensure the continued guarantee and marketability of these portfolios. The serviced loans vary in size, type, location, principal balance and documentation quality, and can potentially contain unique, complex, and unusual servicing requirements relative to the nature of the loans.

Sources of Information - SBL

Prior Servicer/Failed Financial Institution: The FDIC/DRR staff on site at failed FI closings securely ship hardcopies and encrypted discs (with passwords sent separately via secure email) of the failed FI's government-backed loan documents, including the credit and collateral files and any other pertinent screen prints, reports, and documents to SBL. Data stored within FI systems may also be securely emailed (if volume permits) to SBL. Electronic information that is typically pulled from the FI systems could include servicing histories, loan set up information (static field information pertaining to the borrower or the loan in general), and soft copies of loan documents. The corresponding physical data files are subsequently sent to SBL after any electronic transfers via secure courier.

These documents include some or all of the above-identified PII elements. Once loan documents are received, SBL personnel scan and upload the loan files at their servicing site into SBL's internal dedicated SharePoint site. An SBL representative retrieves the scanned loan files from the dedicated SharePoint site and manually uploads the loan data into their secure loan servicing system.

During the course of servicing loans on behalf of the Receiver, SBL personnel also manually update loan-related data in their secure loan servicing system based on correspondence with borrowers/guarantors.

Individual borrowers: As part of their servicing responsibilities, authorized SBL personnel collect loan payments and other loan-related information (e.g., financial statements, tax returns, cash flow statements, insurance notices, tax bills, etc.), which include some or all of the PII identified above. This information is obtained from different correspondence (e.g., emails, fax, hardcopy forms, mail, telephone conversations, etc.) with borrowers. SBL personnel add copies of the information to the pertinent hardcopy loan files and scan/upload the files to their secure loan servicing system.

Collected from other non-FDIC entities, system(s), or application(s):

Authorized SBL subcontractors also handle PII as part of the services provided under the FDIC contract. These subcontractors obtain data from SBL and provide reports to SBL via secure email. Per its contractual agreement with the FDIC, SBL takes full responsibility for the conduct of its subcontractors to ensure the confidentiality, integrity, and availability of the sensitive information collected and maintained by SBL. The categories of subcontractors, along with an explanation of their purpose and use of PII are:

- **Covius, LLC (Covius):** Covius provides property inspection services to SBL. Property inspection reports are sent to SBL via secure email. Reports may contain borrower's name and contact information (address, phone number, and email address).
- **Montrose Global Assets, Inc. (Montrose):** Montrose provides property valuations and appraisal services, Furniture, Fixtures & Equipment (FF&E) appraisals, and site inspections to SBL. Valuation and appraisal reports are sent to SBL via secure email. Reports may contain borrower's name and contact information (address, phone number, and email address).
- **Lee & Mason Financial Services (Lee & Mason):** As part of its loan servicing activities, SBL uses Lee & Mason to monitor insurance compliance and to protect collateral on SBA loans for the vendor's portfolios. Insurance

- compliance and collateral reports are sent to SBL via secure email. Reports may contain borrower's name, SSN, employment, and financial information.
- **Altus GTS Inc. (Altus):** Altus conducts direct contact with borrowers. Reports on borrowers are sent to SBL via secure email. Reports may contain the borrower's name, address, phone number, employment status, and financial information from the direct contact to assist with loss mitigation activities.
 - **Lender Recording Services, Inc. (Lender Recording Services):** SBL utilizes the services of Lender Recording Services to facilitate the recording/filing of documents affecting real estate in the appropriate jurisdiction, ensuring the lien holder has a secured interest. Recording services reports are sent to SBL via secure email. Reports may contain borrower's name and contact information (address, phone number, and email address).
 - **CT Lien Solutions:** CT Lien Solutions provides comprehensive public record searches, filing services and life-of-loan services to lenders, law firms, mortgage servicers, and borrowers nationwide. Reports on public searches and filing services are sent to SBL via secure email. Reports may contain some or all the PII elements listed above.

Federal, state, or local government agencies

- **Taxing Authorities:** SBL is responsible for verifying payment of real estate taxes, and in some cases, paying property taxes on behalf of the borrower. SBL or their authorized subcontractors will check with state or local government taxing authorities to request tax bills or verify tax payments. Tax bills and verifications of tax payments are sent via secure email to SBL and contain PII such as a borrower's name, address or parcel number, SSN, and tax amount.

Notice & Consent

Individuals may not opt out of providing data, as the FDIC, acting in its Receivership capacity, is required to convert, service, sell and liquidate 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 third-party firms, such as SBL, to help service loans and other assets acquired from failed FIs. SBL requires access to all personal information on each asset, in order to appropriately service, modify, or as a last resort, foreclose on a loan, or assist with selling the assets/loans.

Access to Data – SBL

SBL Staff, Subcontractors, and/or Systems: SBL personnel responsible for uploading data onto their dedicated SharePoint site and secure loan servicing system include servicing officers, administrative personnel, accounting personnel, and contract management. These authorized personnel have access to borrower/guarantor PII stored in their loan servicing system, document management system, and hardcopy records on a "need to know" basis as part of their loan maintenance and collection activities.

Authorized SBL subcontractors also handle PII as part of the services provided under the FDIC contract. These subcontractors obtain data from SBL and provide reports to SBL via secure email. Per their contractual agreement with the FDIC, SBL takes full responsibility for the conduct of its subcontractors to ensure the confidentiality, integrity, and availability of the sensitive information collected and maintained by SBL. The categories of subcontractors, along with an explanation of their purpose and use of PII are:

- **Covius:** SBL provides property data to Covius via secure email to perform property inspections and maintenance. This data may include PII elements such as borrower name and contact information (address, phone number, and email address).
- **Montrose:** SBL provides data to Montrose via secure email to perform property valuations and appraisal services, FF&E appraisals, and site inspections. This data may include PII elements such as borrower name and contact information (address, phone number, and email address).
- **Lee & Mason:** SBL provides Lee & Mason with data via secure email to monitor insurance compliance and protect collateral on SBA loans for the vendor's portfolio. This data may include PII elements such as borrower name, contact information (address, phone number, and email address), SSN, financial information, and legal documents.
- **Altus:** Altus contacts borrowers directly on behalf of SBL. SBL provides data to Altus via secure email which may include borrower name, address, employment information, and financial information.
- **Lender Recording Services:** SBL provides data to Lender Recording Services via secure email to facilitate the recording/filing of documents affecting real estate in the appropriate jurisdiction, ensuring the lien holder has a secured interest. This data may include PII elements such as borrower name and contact information (address, phone number, and email address).
- **CT Lien Solutions:** SBL provides data to CT Lien Solutions via secure email to perform comprehensive public record searches, filing services and life-of-loan services. This data may include borrower name and contact information (address, phone number, and email address).

FDIC personnel: After the loans/assets from the failed FI are scanned and uploaded securely into SBL's dedicated SharePoint site and secure loan servicing system, SBL sends authorized FDIC/DRR staff a copy of the final conversion report via secure email for purposes of reconciliation (to ensure that all the files were received by SBL). This report may include PII, such as borrower name, address, failed FI account number, and SSN.

Authorized FDIC employees also receive access to SBL's secure loan servicing system and SBL's dedicated SharePoint site in order to view loan information from the failed FI(s) for the following purposes:

- DRR Asset Management staff for purposes of managing and overseeing SBL loan administration activities;
- DRR Asset Marketing staff for purposes of reviewing loan information in order to determine what type of sales process is most suitable for the assets loans;
- DRR Accounting staff for purposes of conducting financial research and reconciliation;
- DRR Investigations staff for purposes of reviewing asset/loan information pertinent to professional liability claims; and

- FDIC Legal Division staff in order to research and review loan information for litigation purposes related to professional liability claims or other legal matters related to the Receivership.

SBL staff also provides any contractually-required monthly reports, remittance packages, and specialized ad hoc reports to the authorized FDIC/DRR Oversight Manager and/or the Technical Monitor via secure file transfer or secure email. The monthly reports and supporting documentation generally contain summary-level information about the loans and do not typically contain PII. In certain instances, remittance packages and/or ad hoc reports may contain minimal PII (e.g., a borrower's name, loan number, or account balance).

In support of FDIC's efforts to sell loans and for servicing rights, and upon request, SBL may provide a data file, which could potentially contain any and all PII elements identified above, to FDIC or its designee.

Authorized FDIC/DRR contractors who support FDIC employees in managing the government-backed loans acquired from failed FIs may receive loan information on an "as-needed" basis for the purposes specified above. FDIC/DRR contractors generally are not provided with direct access to SBL's website/SharePoint site. Rather, authorized DRR employees request loan information from SBL on behalf of the contractors.

Individual borrowers: As part of SBL's loan servicing responsibilities, SBL sends borrowers their loan statements containing the borrower's loan payment information via mail. These loan statements may include borrower name, contact information (address and phone number), and financial information (principal, interest, status, and loan number).

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

- **Winning bidders/loan purchasers:** When assets are sold to an outside bidder, SBL personnel securely transfer the sold asset/loan information from Loan Manager to the winning bidders/purchasers typically via secure file transfer. SBL personnel also inventory and securely ship the hardcopy loan files to the purchaser or another location designated by the FDIC, in accordance with FDIC policies governing the protection of PII. In addition, SBL personnel forward any checks, funds, or other documents (e.g., borrower correspondence, insurance notices, tax bills, or any other correspondence or documentation related to the loans) that are received after the transfer date to the purchaser. The data provided to the winning purchaser may contain some or all of the PII specified above.
- **FDIC Outside Counsel:** SBL, acting on behalf of the FDIC, may provide copies of certain requested documents to FDIC outside counsel for discovery or litigation purposes. Documents are provided as hard copies and shipped via secure courier in accordance with contractual requirements. PII typically includes some or all of the PII specified above.
- **Loan Sale Advisors/Financial Advisors:** Upon FDIC request and direction, SBL securely provides loan files and other related data to FDIC-approved Loan Sale Advisors/Financial Advisors typically via secure file transfer. These third-party entities require the data to perform asset valuation, marketing, and sales activities on behalf of the Receiver. These third-party entities are required to protect the confidentiality, security, and integrity of the data in

- accordance with their contracts with the FDIC. Shared PII relates to loan files and typically includes borrower name, contact information (address), financial information (principal, interest rate, or credit reports), military status, legal information, and driver's license number and photograph if included in the loan documents.
- **Due Diligence Firms:** SBL is also expected to make available to FDIC-approved Due Diligence Contractors loan files, payments histories, and any other relevant information that will aid in the successful consummation of a loan sale. This information is typically provided via secure file transfer or hardcopy means, in accord with contractual requirements and FDIC specifications. PII shared relates to loan files and typically includes borrower name, contact information (address), financial information (principal, interest rate, or credit reports), military status, legal information, and driver's license number and photograph if included in the loan documents.
 - **US Bank (FDIC's Document Custodian):** Physical loan files may be stored at SBL's servicing location in locked file vaults only accessible by two authorized SBL personnel. If the loan file is not purchased, SBL ships the physical loan documents to US Bank (FDIC's document custodian) via secure courier to store in a physical vault until FDIC requests for the loan file. Loan data elements include borrower name, SSN, date and place of birth, contact information (address, phone number, and email address), employment information, financial information (principal, interest rate, or credit reports), military status, legal information, and driver's license number and photograph if included in the loan documents.

Federal, State, and/or Local Agencies

- **Various Government "Administrative Agencies" [Small Business Administration (SBA), United States Department of Agriculture (USDA) (or their Intermediaries)]:** Depending on the guarantor of or participant to a loan (e.g., SBA, USDA, etc.), as part of its servicing responsibilities, SBL may provide loan-related data and reports, which may include the borrower/guarantor PII, to applicable administrative agency personnel for the purposes specified below:
 - After the failure of a FI, it may be necessary for FDIC/DRR and certain administrative agencies to reconcile their respective loan downloads for each institution in order to make a determination regarding the continuation of the guarantees. Upon FDIC request, authorized SBL personnel may help segregate applicable loan files and make them available to authorized administrative agency personnel for review at the failed FI premises in preparation for imaging. Once the files have been imaged, SBL coordinates with the FDIC Oversight Manager (OM) to have the imaged files securely transferred to the applicable administrative agency or its intermediary. As part of the portfolio reconciliation and file review, FDIC or SBL personnel on behalf of FDIC, may provide to the administrative agency various correspondences, spreadsheets, reports, and other communications regarding the government-backed loans (e.g., requests for missing documentation; initial and final reports identifying loans that will be guaranteed or denied by the government guarantor; etc.). Such correspondence is exchanged securely and may contain minimal PII, such as borrower name and loan number.

- As required, SBL personnel also submit a guaranty purchase package to the applicable administrative agency to request that the agency purchase the guaranty. The package is sent via secure web portals. The package may include financial and legal documentation pertaining to the SBA loan (e.g., copy of the loan note, UCC filing, recorded deed/mortgage, applicable legal pleadings, bankruptcy filings, court motions, statement of personal history etc.). This documentation may contain borrower/guarantor PII, such as name, date of birth, SSN, home address, and home telephone number.
- SBL ensures that any required remittance reports which may include loan numbers and balances, are generated and submitted as required to the applicable administrative agency or its Fiscal Transfer Agent via secure electronic means.
- **Internal Revenue Service (IRS):** SBL files with the IRS 1098s/1099s forms and other required tax reporting documents that contain PII such as borrower name, SSN, and interest information.
- **State or Local Taxing Authorities:** SBL, if responsible for paying property taxes on behalf of the borrower, will provide PII to state and local governments (via electronic means) as necessary for making the payment. This typically may include borrower name, SSN, and address.

Data Sharing

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

System Name	System Description	Type of Information Processed
FDIC Control Totals Module (CTM) ⁶	CTM is the primary financial accounting, management, and control system for the assets of the failed FIs. Each month, SBL wires the monthly remittance funds to FDIC and reports all financial activity in a CTM transaction file.	The CTM files provided by SBL primarily contain financial data, not PII, and are used to update asset balances and create journal entries in CTM. In certain instances, a file could potentially contain limited PII such as a borrower's name in the "Asset Name" field. The remittance of the funds and reports are sent in a secure file transfer.
FDIC Communication, Capability, Challenge, and Control (4C) ⁷	4C manages the assets from the failed FIs. On a periodic basis, SBL securely submits to FDIC in a secure file transfer an electronic "4C transaction file" which is used to update asset management and demographic information in 4C about the loans.	The 4C file may contain limited PII, such as a borrower's name in the "Asset Name" field, along with information about the loan/asset, such as the loan amount, amount paid, interest rate, and the property address of any associated collateral.

⁶ CTM is the primary financial accounting, management and control system for the assets of receiverships and their subsidiaries. To learn more, see the CTM PIA at www.fdic.gov.

System Name	System Description	Type of Information Processed
FDIC Automated Corporate Tracking System (FACTS) ⁸	FACTS is a tracking tool to manage the review and approval of business decisions like a loan modification or foreclosure. Authorized SBL personnel have limited access to FACTS in order to write business cases (also referred to as "credit cases") to seek approval from authorized FDIC/DRR staff to take certain actions with respect to a failed FI asset/loan. On occasion, SBL personnel may submit a case (or a draft of the case) to DRR Asset Management via secure email.	A case may include PII such as a borrower's name, historical bank number, and contextually sensitive information about the borrower (e.g., collection efforts completed by SBL, challenges of working with a particular borrower, any possible bankruptcy proceedings, and legal advice and opinions for how best to proceed). Exhibits containing PII which may be attached to credit cases in FACTS may include financial statements for a borrower, or a FICO score. Credit reports typically are not attached to credit cases.

Data Accuracy - SBL

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

SBL 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 SBL 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 - SBL

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

⁷ 4C houses all asset data for failed institutions beginning with pre-close activities, through asset disposition or ongoing management. It manages data flow and updates from banks, application service providers (ASPs), as well as internal and external servicers. To learn more, see the 4C PIA at www.fdic.gov.

⁸ FACTS is a web-based tracking tool used by multiple FDIC Divisions and Offices to log and route inquiries, requests for information and services, etc. To learn more, see the FACTS PIA at www.fdic.gov.

The FDIC conducts background investigations on key SBL personnel and other applicable personnel (e.g., SBL subcontractors) prior to their beginning work on the contract.

SBL 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, the Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager (ISM) 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, SBL is responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility. SBL has designated its Contract Oversight Manager to have overall accountability for ensuring the proper handling of data by vendor personnel who have access to the data. All SBL 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 SBL's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

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

System of Records Notice (SORN)

SBL 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.

