

# PRIVACY IMPACT ASSESSMENT

## Virtual Data Room (VDR)

August 2012

FDIC External Service

### Table of Contents

[System Overview](#)

[Personally Identifiable Information \(PII\) in VDR](#)

[Purpose & Use of Information in VDR](#)

[Sources of Information in VDR](#)

[Notice & Consent](#)

[Access to Data in VDR](#)

[Data Sharing](#)

[Data Accuracy in VDR](#)

[Data Security for VDR](#)

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

[Contact Us](#)

## System Overview

Within the FDIC, the Division of Resolutions and Receiverships (DRR) is responsible for planning and handling the resolution of failed FDIC-insured financial institutions. This includes coordinating all efforts related to the analysis, valuation, marketing and sale of a failing or failed institution, as a whole, or its assets. Assets may include a variety of performing and non-performing loan products including mortgage, commercial loans, and consumer loans.

Before a bank closing, DRR's Franchise Marketing staff is responsible for marketing the failing financial institution where some or all of the assets may be offered with the franchise. Once a bank fails, and the FDIC is named as the Receiver, DRR's Asset Marketing staff is responsible for selling any remaining assets. Loans are negotiable instruments that are routinely sold in the financial markets. FDIC is required to obtain and sell assets of failed financial institutions for the highest value as soon as possible after the closing of the failed institution. The DRR Risk Sharing Asset Management (RSAM) program staff is responsible for managing FDIC's loss-share program.<sup>1</sup>

In supporting these efforts, DRR Franchise Marketing, Asset Marketing and RSAM staff use a secure Virtual Data Room (VDR) web site facility and technology provided by a private sector service provider (currently RR Donnelly Venue). The VDR service is used by and for DRR to create workspaces for failing or failed institution projects, where confidential documents and information can be rapidly exchanged with specific groups of authorized internal and external users.

Specifically, prior to a bank closing, DRR Franchise Marketing staff use the VDR to:

- Announce the marketing of a potentially failing institution to qualified potential bidders (generally banks or their designated authorized representatives). These eligible financial institutions can review certain documents about the potentially failing institution, including financial information, legal documents, etc.;
- Communicate with regulators and provide them with reports for approving potential bidders and reviewing bidder activity;
- Provide data to third party loan valuation contractors who are responsible for reviewing and valuing pools of loans and individual assets in support of the sale of an institution;
- Maintain and manage data on potential bidders, or their designees, who have been invited to view marketing information for a specific project;
- Provide potential bidders access to electronic images of complete loan files for due diligence.

After a bank has closed, DRR Asset Marketing staff generally use the VDR to:

- Conduct Structured Sales transactions;
- Provide asset data to third party Financial Advisors;
- Provide documents to potential corporate bidders for inspection and due diligence.

Also after a bank has closed, DRR RSAM program staff use a separate workspace on their VDR to:

---

<sup>1</sup> Typically, FDIC reimburses Acquiring Institutions for a certain amount (up to 95%) of losses on owned real-estate, securities, subsidiaries, etc. The amount varies according to the Purchase and Assumption agreement governing the transaction. For further information about FDIC's loss-share program, visit: <http://www.fdic.gov/bank/individual/failed/lossshare/>.

- Obtain monthly and quarterly “certificates for payment” reports from Acquiring Institutions (AI) that purchase failed bank assets and are seeking reimbursement under FDIC’s loss-share program;
- Share data with DRR contractors responsible for reviewing AI compliance with program reporting requirements and aggregating data for the loss-share program.

## Personally Identifiable Information (PII) in VDR

**Prior to a bank closing**, the following types of PII and non-PII may be contained within the VDR:

### Failing Bank Loan Customer Data

- Full name;
- Address (home and work);
- Date of birth;
- Loan Account Number and Balance; and
- Other relevant customer account information (e.g. name of co-borrower; name of guarantor)
- Loan to Value data;
- Property description;
- Borrower Net Worth; and
- Other non-PII data related to loan valuation.

### Potential Bidder Data

- Bank Name;
- Full Name of Bank Point of Contact;
- Phone Number (work);
- Email (work);
- Size of bank/total assets of bank; and
- Holding company name and other qualifying information, such as the supervisory ratings.

**After a bank closing**, the following PII and non-PII may be contained within the VDR:

### Failing Bank Loan Customer Data

- Full name;
- Address (home and work);
- Date of birth;
- Loan Account Number and Balance;
- Social Security Number (SSN);
- Driver’s License;
- Tax returns;
- Previous credit reports;
- Previous appraisals and other data contained in the loan file at the time of closing;
- Phase 1 Environmental Report
- Draws against construction loans; and
- Other relevant documents for the particular asset.

### Bank Loan Customer Data/Loss-Share Program

- Full name;
- Address (home and work);
- Date of birth;
- Loan Account Number and Balance; and
- Social Security Number (SSN)

## Purpose & Use of Information in VDR

The data collected is both relevant and necessary for the purpose of valuing, marketing and selling assets, which DRR is required to do as soon as possible after a bank closing. Virtual Data Rooms are designed to support DRR's need to rapidly share institution and asset sale information with potential bidders.

## Sources of Information in VDR

Prior to a bank closing, the following are sources of PII and non-PII on VDR workspaces:

- **DRR Franchise Marketing staff or Contractor:** Authorized DRR Franchise Marketing staff or a contractor creates new VDR workspaces for each failing bank project. The workspaces are used for marketing purposes and contain certain documents about the potentially failing institution, including financial information, legal documents, and other relevant information. The documents do not contain any PII. DRR Franchise Marketing staff also creates a new folder within the appropriate loan valuation contractor workspace associated with each failing bank project. For each project, once the BIS download is received, a DRR contractor redacts and posts for valuation the data that includes the PII described in Section D. The loan valuation contractor workspaces are used on an ongoing basis for new projects; however, the specific valuation folder for each project is removed from the contractor workspace immediately after a project is concluded. The Franchise Marketing project workspace is also removed soon after the conclusion of the project.
- **DRR Valuation Contractors:** Authorized valuation contractors utilize their dedicated VDR workspaces to access asset data for a specific project. They download the data, perform asset valuations at their site or the bank site, and then post updated valuation data. To the same folder for use by DRR Franchise Marketing staff.
- **DRR Imaging/Indexing Contractor:** An authorized Imaging/Indexing contractor assists DRR Franchise Marketing staff with uploading imaged loan files to a separate VDR workspace.

After a bank closing, the following are sources of PII and non-PII on VDR workspaces:

- **DRR Asset Marketing Staff:** After obtaining the download of asset data from BIS, DRR Asset Marketing staff sends the data to the Due Diligence Contractor and Financial Advisor assigned to the sale. The Due Diligence Contractor uses the data to prepare a Marketing Data Tape, which is uploaded to the VDR for due diligence by authorized potential corporate bidders and use by the Financial Advisor. The tape contains the data download from BIS that contains PII and is periodically updated by the Due Diligence Contractor with new data sent from BIS to DRR Asset Marketing staff (e.g., new loan balances). DRR Asset Marketing Staff also may upload a current credit report to a borrower file, as well as, monthly Servicer reports to the appropriate VDR workspace that indicate any new activity on a loan (e.g., status of any legal actions) and may contain PII.

- **FDIC Servicers:** Because the disposition of certain failed bank assets can be a very lengthy process, the FDIC performs required asset servicing (such as processing of loan payments), in order to maintain the value of these assets until they are sold. FDIC contracts with the Servicer to perform these tasks. After a bank's closing, hard copies of loan files are transferred to these firms by DRR Asset Management staff. DRR Asset Marketing staff work with DRR Asset Management staff to have the loan file images containing PII transmitted via a secure method to an Imaging/Indexing Contractor. The contractor then uploads the files to the appropriate VDR workspace. Servicers also provide monthly reports that are posted to the appropriate VDR workspace by DRR Asset Marketing staff that may contain PII.
- **DRR Imaging/Indexing Contractor:** These firms are responsible for scanning, indexing, and uploading hardcopy documents contained in failed bank customer loan files to the appropriate bank folder within the VDR workspaces.
- **DRR Due Diligence Contractors:** These firms are responsible for preparing and uploading to the appropriate VDR workspace the Marketing Data Tape that contains PII. At the request of DRR Asset Marketing staff, they may also upload a current appraisal, if necessary, to the appropriate loan file on the designated VDR workspace.
- **DRR Financial Advisors:** These firms are under contract to DRR Asset Marketing to manage the Structured Sale process, including the marketing of asset pools to potential bidders/investors. They upload loan summary reports to the VDR.
- **Acquiring Institutions (Loss-Share Program):** Financial institutions that have acquired some or all of a failing institution's assets, and who are participating in FDIC's loss-share program, provide DRR RSAM staff with financial reports on the status of their loss-share activity via the appropriate bank folder in a VDR workspace. These reports contain bank customer loan data.
- **Compliance Monitoring Contractor:** In performing their verification and validation work, they download and then re-upload to the appropriate folder on the dedicated VDR workspace a report containing PII data.

On occasion, the Federal Home Loan Bank, Small Business Administration, Farmers Home Administration, or U.S. Department of Housing and Urban Development may provide information to DRR Asset Marketing staff related to a specific asset stored in VDR workspaces, if they are the guarantor on the loan. The data may also be captured in the original loan file that is scanned by the imaging contractor. The agencies do not have direct access to loan files on the VDR.

State and local agencies are generally not providing data for storage within a VDR. It is possible that a State Banking Agency may provide data regarding a particular asset or financial institution in the future. If so, the data would be provided to DRR Asset Marketing staff or obtained via the original loan file. The agencies do not have direct access to loan files on the VDR.

## Notice & Consent

Individual bank loan customers may not opt-out. The FDIC acquires asset data directly from the failing or failed financial institution system, not from individual bank customers. FDIC is required to obtain and sell assets of failed financial institutions for the highest value as soon as possible after the closing. To achieve these goals, the FDIC has employed contractors to perform due diligence and valuations and uses VDR sites to market and sell these assets. These activities require that all personal information for each asset be available. Also, potential corporate bidders cannot opt-out of providing information, as the data is required by FDIC policy to ensure the eligibility of those seeking to bid on assets. Individuals also cannot opt-out of the data sharing required under DRR's RSAM program, as the data is obtained directly from Acquiring Institutions, not from individual bank customers.

## Access to Data in VDR

Prior to a bank closing, authorized DRR Franchise Marketing Staff, DRR Valuation Contractors, DRR Asset Marketing and/or Imaging/Indexing Contractor Staff, potential bidders, and federal and state regulators may have access to data contained in VDR. After a bank closing, the following groups may access PII and non-PII contained in VDR in support of Structured Sales of assets: DRR Asset Marketing Staff, DRR Imaging/Indexing Contractor or Subcontractor, DRR Due Diligence Contractors, DRR Financial Advisors, and DRR Corporate Bidders and Purchasers. In addition, the following may access PI and non-PII within VDR in support of FDIC's loss-share program: Acquiring Institution (Loss Share Program), DRR RSAM Staff, DRR Data Aggregator Contractor, and DRR Compliance Contractor.

FDIC authorized users request access from the contract Oversight Manager for VDR workspaces. External users are authorized by DRR Franchise Marketing and Asset Marketing staff on a project-by-project basis. Prior to a bank closing, DRR Franchise Marketing staff establishes stringent bidder criteria, which vary for each project. After a bank failure, potential bidders also must follow a stringent pre-qualification and approval process by DRR. For example, as part of the application process, potential bidders interested in structured asset sales must provide a \$250k security deposit. These bidders also are not permitted to download or print loan files, which is controlled through DRR's use of the VDR's digital rights management feature. Also, RSAM staff is responsible for approving, monitoring, and removing Acquiring Institution and contractor access from their dedicated VDR workspaces.

## Data Sharing

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

System Name	System Description	Type of Information Processed
<b>Compliance Monitoring Contractors-Shared</b>	SLA-CMCs conduct independent on-site and off-site compliance reviews to ensure AIs comply with the terms of their Shared Loss Agreements. SLA-CMCs	Borrower names, loan numbers and amounts, home address,

System Name	System Description	Type of Information Processed
<b>Loss Agreement (CMC-SLA)</b>	and FDIC RSAM staff upload/exchange data via the VDR. These include cases/reports with documentation to support AI claims for covered losses.	TINs/SSNs
<b>Compliance Monitoring Contractors-Structured Transaction/Limited Liability Corporation (CMC-LLC)</b>	CMC-LLC firms provide risk-based compliance monitoring for the FDIC. They are required to submit reports with detailed-asset level data about the assets/loans they purchase from FDIC in order to facilitate the FDIC's oversight of the transaction and asset/loan performance. These reports are uploaded to their respective folders in the secure VDR.	Sensitive financial information and PII regarding customers, borrowers, and guarantors of failed financial institutions

## Data Accuracy in VDR

DRR depends on the failing or failed bank to provide electronic and hard copy bank customer data that is complete. Users of failing bank loan data, for example, are advised that FDIC cannot confirm the accuracy of the data, as it comes directly from the bank's financial computer system.

## Data Security VDR

All access to VDR workspaces is restricted for all users, based on their need to know, in order to perform their specific duties. Only those folders required to perform assigned duties may be accessed. The security settings of the VDR workspaces do not allow casual access to any folders without DRR authorization. Authorized users may only access those folders for which they are authorized. Audit trails are maintained to track users' access, including data and time. These data are periodically reviewed by the relevant Program Manager in DRR.

## System of Records Notice (SORN)

VDR operates under the applicable FDIC 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.

