

BIC Certification Checklist

Please indicate submission of the following documentation (as applicable) with the completed BIC Certification:

Yes N/A Electronic Collateral Addendum

If your institution plans to pledge Electronic Collateral, complete the Electronic Collateral Addendum.

Note: E-Collateral is defined as a loan that is signed electronically and stored electronically (E-signed) **or** signed on paper and then imaged and stored electronically with the paper original destroyed (Imaged and Destroyed).

Yes N/A Third-Party Providers

Service agreement with third-party provider of loan maintenance and/or storage services.

Most recent review of third-party provider of loan maintenance and/or storage services.

Yes N/A Audits

Most recent internal/external audit report pertaining to the pledged loan categories or relevant loan operations area(s).

Management's response the findings/observations of the most recent audit.

Yes N/A Internal Risk Ratings

Current loan grading/risk rating system, including definitions.

Yes N/A OC-10 Documents

Updated OC-10 documents – New documents required if most recent documents are more than 5 years old. Please review your current set of OC-10 documents to determine if new OC-10 documents are needed for your institution.

All questions MUST be answered.

**FEDERAL RESERVE BANK OF ATLANTA
BORROWER-IN-CUSTODY (BIC) CERTIFICATION
TO BE COMPLETED BY DEPOSITORY INSTITUTION**

Institution Name

ABA #

Address

City, ST ZIP Code

Contact Name (Primary)

Contact Name (Collateral/Operations)

Title

Title

Telephone

Telephone

E-mail

E-mail

All questions MUST be answered.

PLEASE ANSWER THE FOLLOWING QUESTIONS.

I. COLLATERAL TYPE

Indicate the type(s) of loans being pledged to the Federal Reserve only.				
	FRB Loan Category¹ (FRB Category Code)	FFIEC 031/041/051 Call Report Codes	NCUA Call Report Codes	FFIEC 002 Call Report Codes
	Agricultural Production Loans (705)	3.	1.g. (Schedule A, Section 4, code 042A6) 2.g. (Schedule A, Section 4, code 042A8)	8.
	Agricultural Loans secured by Farmland (780)	1.b.	1.b. (Schedule A, Section 4, code 042A5) 2.b. (Schedule A, Section 4, code 042A7) 11 (Loans & Leases, code 386B)	1.b.
	Commercial and Industrial Loans (710)	For 031 and 041 filers: 2., 2.a.(1), 2.a.(2), 2.a., 2.b. 4./4.a. 9, 9.a., 9.b., 9.b(1), 9.b(2) 10.b For 051 filers: 2. (exclude loans to banks in foreign countries) 4. (exclude commercial and industrial loans to non-U.S. addresses (domicile)) 9.a., 9.b. 10. (exclude consumer leases)	1.h. (Schedule A, Section 4, code 400L2) 1.i. (Schedule A, Section 4, code 400C5) 1.j. (Schedule A, Section 4, code 400C6) 2.h. (Schedule A, Section 4, code 400L3) 2.i. (Schedule A, Section 4, code 400C7) 2.j. (Schedule A, Section 4, code 400C8) 13 (Loans & Leases, code 400P)	2.a.(1) 2.a.(2) 2.b. 3. 4.a. 7. 8. 9.a.
	Commercial Real Estate Loans (nonfarm nonresidential) (780)	1.e.(2)	1.e. (Schedule A, Section 4, code 400J2) 2.e. (Schedule A, Section 4, code 400J3) 11 (Loans & Leases, code 386B) 12 (Loans & Leases, code 718A5)	1.e.
	Owner Occupied Nonfarm Nonresidential CRE (780)	1.e.(1)	1.d. (Schedule A, Section 4, code 400H2) 2.d. (Schedule A, Section 4, code 400H3)	1.e.
	Construction Loans (1-4 family construction, and, other construction loans) (790)	1.a.(1) 1.a.(2)	1.a. (Schedule A, Section 4, code 143B3) 2.a. (Schedule A, Section 4, code 143B4)	1.a
	Raw Land Loans (land development and other land loans) (791)	1.a.(2)	1.a. (Schedule A, Section 4, code 143B3) 2.a. (Schedule A, Section 4, code 143B4) 11 (Loans & Leases, code 386B)	1.a
	Consumer Loans: Auto, Marine (741)	6.c. 6.d. 6.b. (secured)	5 (Loans & Leases, code 385) 6 (Loans & Leases, code 370) 8 (Loans & Leases, code 698C)	8.
	Consumer Loans (revolving credit plans,	6.b. 6.d.	4 (Loans & Leases, code 397)	8.

¹ For Reserve Bank pledging purposes, loans should be classified and coded according to the Report of Condition and Income ("call report") definitions.

All questions MUST be answered.

single payment and installment loans) (740)			
Consumer Leases (743)	For 031 and 041 filers 10 as defined by 10.a. For 051 filers: 10. (include consumer leases and exclude all other leases)		7 (Loans & Leases, code 002) 9.a.
1-4 Family Residential Mortgage Loans (750)	1.c.(2)(a)		9 (Loans & Leases, code 703A) (exclude open-end lines of credit secured by a first lien on single 1-4 Family Residential Property) 1.c.(2)
Home Equity Loans or Lines secured by residential property (760)	1.c.(1) 1.c.(2)(b)		10 (Loans & Leases, code 386A) (include open-end lines of credit secured by a first lien on single 1-4 Family Residential Property) 1.c.(1) 1.c.(2)
5+ Family Residential Mortgage Loans (780)	1.d.		1.c. (Schedule A, Section 4, code 400M) 2.c. (Schedule A, Section 4, code 400M1) 1.d.
Student Loans (744)	6.d.		3 (Loans & Leases, code 698A) N/A
Credit Card Receivables (842 or 845)	6.a.		1 (Loans & Leases, code 396) N/A
US / US Agency Guaranteed Loans (720)	Call Report Code(s) Used for Reporting		N/A
US/US Agency Non-Guaranteed Portion of Loans (varies)	Call Report Code(s) Used for Reporting		N/A
Obligations of states and political subdivisions (Municipalities)	8.	N/A	8

Reminder:
Every question requires a response.

1. Indicate below how your institution uses the BIC arrangement.

Federal Reserve

Treasury

Note, your institution must complete separate agreements with the Treasury Tax & Loan Depository (TT&L) to use BIC collateral for the special direct investment (SDI) program or the Term Investment Option (TIO)*.

**Acceptable loan pools for the SDI program are commercial and industrial (C&I) and/or 1-4 family mortgage loans. Insured student loans or notes representing education loans insured or guaranteed under a program authorized under Title IV of the Higher Education Act of 1965, as amended, or Title VII of the Public Health Service Act, as amended, may also be accepted under the SDI program. C&I loans are the only acceptable loan pool under the TIO. Please refer to the Bureau of Public Debt web site for further information.*

All questions MUST be answered.

II. FEDERAL RESERVE BANK (FRB) SECURITY INTEREST

2. Do any of the loans that are pledged to the FRB designate another institution as lender or payee?
<input type="checkbox"/> Yes <input type="checkbox"/> No
3. If yes, which entity are the loans originated by?
<input type="checkbox"/> An affiliate of your institution [Generally not eligible for pledge] <input type="checkbox"/> A subsidiary of your bank [Loans must be in the pledging bank's name] <input type="checkbox"/> Other (Please Specify):
4. If the loans were not originated by your institution, how were the loans assigned or transferred? If the loans were originated by your institution, reply with "N/A"
5. If your institution is pledging loan participations, does your institution have the original participation certificates or participation agreements to evidence this?
<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Are there any restrictions that would limit or restrict assignability? Participation agreements commonly contain such restrictions. The FRB does not accept loans that contain restrictive language requiring funding or other obligations if assigned.
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
7. If your institution is a foreign banking organization, are all loans pledged to the FRB booked at this branch office?
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

All questions MUST be answered.

8. Does your institution engage in lending to foreign obligors*?

Yes No

If “Yes”, describe below how your institution restricts the pledge of foreign obligor loans.

**The FRB will only accept pledges of foreign obligor loans if pledging Institution provides sufficient legal analysis indicating that FRB Atlanta can create and enforce a perfected, first-priority security interest in the pledged loans from ALL applicable foreign jurisdictions.*

9. If your institution is pledging syndicated loans, does the loan documentation meet **all** of the following criteria:

Allows for pledge or assignment of a Lender’s security interest to a Federal Reserve Bank

Dictates that no requirements in the Successors or Assigns section would apply to any such pledge or assignment to a Federal Reserve Bank

Ensures that no obligations of the Lender are able to be transferred to a Federal Reserve Bank though such pledge or assignment (e.g., the requirement to fund advances under a line of credit)

Yes No N/A

10. Does your institution have an Advances and Security Agreement executed with the Federal Home Loan Bank (FHLB) or a Corporate Credit Union? Do any other parties have a lien (blanket or specific) on the loans being pledged to the FRB? (Check “Yes” if either criterion applies.)

Yes No

If “Yes”, please list the name of the organization(s) below. Please provide a copy of the most recent advance or collateral agreement.

Organization:

Contact:

Phone:

III. LOAN QUALITY

Reminder:
Don't forget to attach most recent loan review (*internal or external*) and loan grading scale **with** definitions.

11. If the loans you intend to pledge are subject to your institution's internal loan grading system, **please provide a copy of the most recent loan review and most recently approved loan grading scale and definitions for each category.** Describe any changes in the loan grading system since the last examination conducted by your regulator or since the last submitted BIC certification.

12. If the loan grading system is not utilized, how is credit quality monitored?

13. What was the date of the last internal audit review of your institution's loan portfolio relating to the pledged loans? **Please provide a copy of the findings related to the loan categories pledged and comment on any subsequent action taken.** In most cases, it is best just to send in a copy of the most recent review. A separate audit covering only loans pledged in the BIC program is **not** required as long as the pledged loan categories are included in a broader audit/review of the loan portfolio.

All questions MUST be answered.

IV. LOAN DOCUMENTATION

14. For each loan type pledged to the FRB under the BIC arrangement, indicate the type of documentation supporting the loan(s) (i.e., promissory note, installment note, participation note, syndicated note, etc.).

15. If your institution is pledging auto loans, are the titles held electronically or paper-based?

Electronic Paper N/A

16. How are documentation exceptions tracked (missing notes, evidence of collateral, insurance, etc.)? How are the exceptions removed from the pledge?

V. COLLATERAL MANAGEMENT

Tool Tip:

"Destroyed" is defined to include only when the loan is pledged

17. In what form are the original payment documents (e.g. promissory notes, credit agreements)?

- Electronically originated and maintained
- Paper and maintained
- Paper, but later destroyed

18. Describe the imaging system. What controls are in place to prevent unauthorized access to and alteration of documents in the imaging system? Is there an audit in place to track the addition/deletion of documents? Is there an audit in place to track changes made to the computer software that runs the imaging system?

All questions MUST be answered.

Tool Tip:
Only list storage location of **original** promissory notes/mortgages/deeds/security agreements/vehicle titles.

19. Please provide the address, city and state where the physical loan collateral being pledged under the BIC arrangement is located. **If the location has changed or there is more than one location, list addresses for all and the asset type at each location.**

Promissory Notes/Mortgages/Deeds of Trust:

Credit agreements and other documents:

20. Does your institution use a third party to maintain or store the above referenced collateral? If yes, please provide the name, address, city and state.

Also identify whether the storing of documents is at a Records and Information Management (RIM) firm (i.e. holdings are tracked at the box level only), or whether there is actually a third-party custodian arrangement (i.e. files are continuously monitored/maintained by someone other than your institution).

- Yes, we have a RIM arrangement.
If selected, please complete Appendix B – Addendum to BIC Certification
- Yes, we have a third-party custodian arrangement.
If selected, please provide a copy of the service agreement
- No, we do not use a third party to maintain or store the above referenced collateral.

Name:

Address:

City, State:

All questions MUST be answered.

21. Is the third party referenced above affiliated with your institution? Is the third party a subsidiary of your institution?

22. Describe the physical storage facility within your institution or at an offsite facility where the pledged collateral is held (i.e. vault, teller area, etc.). How is the collateral protected against loss from fire, theft and other dangers?

23. How does your institution monitor access to and the removal of key documents from the collateral area?

24. Indicate below how your institution identifies the collateral as pledged to the FRB? *It is a requirement of the BIC program that collateral pledged to the FRB be identified prominently at participating institutions.*

Posting of notice in the physical custody area(s) where any supporting documents related to the pledged notes are stored* **(Required)**

At least one of the following methods is also required. **(Check all that apply)**

- Physical segregation of notes
- Label on individual files
- Electronic labeling of loan trial balances
- Other (Please Specify):

***Notice should read “Some loans are pledged to the Federal Reserve Bank of Atlanta”**

All questions **MUST** be answered.

VI. COLLATERAL MONITORING & REPORTING

25. How does your institution monitor outstanding loan balances ensuring that the pledge balance does not fall below the stated guidelines? If the aggregate outstanding loan balance falls by 10% or more between reporting dates, your institution is **required** to submit an updated pledge form at that time. Failure to comply with the interim reporting requirement may result in an escalation of counseling and an additional haircut placed on the collateral for frequent violations.

26. Explain the method by which loans are monitored to ensure that matured, delinquent or sold loans are removed from the collateral pool in a timely manner.

27. Explain the method by which property insurance policies are kept current for both escrowed and non-escrowed customers. Is there current property insurance coverage on all mortgage loans pledged?

28. Explain the method by which payment of property taxes is monitored on mortgage loans pledged.

All questions MUST be answered.

SEND ALL DOCUMENTATION IN ONE EMAIL TO: collateral@atl.frb.org

For more information, either refer to the Borrower-in-Custody Program information under the Atlanta FRB tab at www.frbdiscountwindow.org or call the Credit and Risk Management Department at (888) 500-7390.

AUTHORIZATION

PLEASE HAVE THE APPROPRIATE AUTHORIZED OFFICIAL(S) OF YOUR INSTITUTION REVIEW AND SIGN THIS FORM. AUTHORIZED OFFICIALS ARE IDENTIFIED ON THE OC-10 DISCOUNT WINDOW DOCUMENTS SIGNED BY YOUR INSTITUTION.

I have reviewed the above responses to the Borrower-in-Custody Certification and attest that the responses are accurate.

Tool Tip:
Authorized officials are listed by title on the **Authorized Resolution for Borrowers.**

Authorized Signature*	Title	Date
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Print Name

Authorized Signature*	Title	Date
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Print Name

*As required by the Borrowing Resolution on file with the Federal Reserve Bank. **Note that more than one signature may be required.**

I certify that I am in receipt of, and have reviewed Section 7 of Operating Circular 10, effective October 15, 2006. Further, I attest that all relevant internal policies and procedures have been reviewed and examined for Borrower-In-Custody program conformance and confirm this institution to be in compliance.

Authorized Signature**	Title	Date
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Print Name

** External auditor, internal auditor, or outside director

All questions MUST be answered.

**FEDERAL RESERVE BANK OF ATLANTA
BORROWER-IN-CUSTODY (BIC) CERTIFICATION
APPENDIX A**

Acceptable Collateral for BIC Program²:

- Unsecured and secured loans with credit risk ratings indicated as acceptable by the Reserve Bank, that are in readily negotiable, transferable or assignable form and not subject to any adverse legal, environmental or other action

Unacceptable Collateral for BIC Program:

- Insider loans (as defined by Regulation O³)
- Loans to a depository institution or affiliate of a depository institution
- Loans collateralized by stock of a depository institution or affiliate
- Loans issued to an affiliated Employee Stock Ownership Plan (ESOP) or secured by stock held by an affiliated ESOP
- Loans already pledged under a specific or blanket lien unless expressly subordinated to the Reserve Bank
- Loans to foreign or domestic entities that are not denominated in U.S. dollars and loans that are not domiciled in the United States (i.e. no foreign obligor loans)
- Loans classified as Watch List; Special Mention; Substandard; Doubtful or Loss; or that are otherwise identified for management's special attention
- Loans in which the origination or renewal process has not been completed
- Loans from borrowers that are in bankruptcy⁴
- Loans that contain restrictive language requiring funding or other obligations if assigned
- For TT&L obligations, any loans not otherwise eligible as collateral under the TT&L program

² Refer to the Collateral Margins Table, located at <http://www.frbdiscountwindow.org/>, for eligible asset types.

³ <http://www.federalreserve.gov/bankinforeg/reglisting.htm>

⁴ Loans pledged to the BIC program may not be in bankruptcy or otherwise show impaired capacity. However, loans in which the borrower had previously declared bankruptcy but later reaffirmed the loans, with a written reaffirmation agreement, may be pledged if the borrower has paid as agreed for at least six months. The loans must also meet all other BIC program eligibility requirements.

All questions MUST be answered.

**FEDERAL RESERVE BANK OF ATLANTA
BORROWER-IN-CUSTODY (BIC) CERTIFICATION
APPENDIX B – ADDENDUM TO BIC CERTIFICATION**

1. Describe how original paper documents are stored at RIM.

- Describe how the documents are protected from loss, fire, theft, and other dangers.
- Indicate how frequently the original documents are retrieved or moved?
- If original documents are not retrieved, describe checks to ensure that documents continue to be in place at the RIM.

2. Describe the imaging process.

- Describe how documents are imaged (who, what technology, etc).
- Explain if how and how often the accuracy and completeness of the imaging process is tested.
- Describe any problems this testing has uncovered and corrective measures, if any, taken.
- Describe how the ability to alter or delete imaged documents is controlled and how any such alterations or deletions are tracked.

3. Describe the storage of and access to imaged documents.

- Describe how imaged documents can be accessed.
- Describe any contingency arrangements for imaged document access.

All questions MUST be answered.

4. Describe how matured or sold loans are released from the pledge.

- Describe how soon matured or sold loans are removed from the RIM and from the imaging system. Indicate whether there is a lag between the time the loans are removed from the RIM and the time the loans are released from the pledge.

AUTHORIZATION

PLEASE HAVE THE APPROPRIATE AUTHORIZED OFFICIAL(S) OF YOUR INSTITUTION REVIEW AND SIGN THIS FORM. AUTHORIZED OFFICIALS ARE IDENTIFIED ON THE OC-10 DISCOUNT WINDOW DOCUMENTS SIGNED BY YOUR INSTITUTION.

I have read the above responses to the Addendum to the Borrower-in-Custody Certification and attest that the responses are accurate.

Authorized Signature*	Title	Date
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Print Name

Authorized Signature*	Title	Date
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Print Name

Internal/External Auditor or Outside Director	Title	Date
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Print Name

*As required by the Borrowing Resolution on file with the Federal Reserve Bank. **Note that more than one signature may be required.**