

**FEDERAL RESERVE BANK OF ATLANTA  
BORROWER-IN-CUSTODY (BIC) CERTIFICATION  
APPENDIX C – ELECTRONIC COLLATERAL ADDENDUM**

## I. GENERAL QUESTIONS

1. What type of electronic collateral is pledged?

- Originated electronically and exists only in electronic form.
- Originated in paper form but now exists only as imaged copies of the originals.

**\*\*Note: FRBA does not accept electronic real estate collateral that was originated in paper but the original promissory has been imaged and destroyed.**

2. Indicate the type(s) of electronic loans being pledged.

	<b>FRB Loan Category</b>	<b>FFIEC Call Report Codes</b>	<b>NCUA Call Report Codes</b>
<input type="checkbox"/>	Agricultural Loans (705)	3.	1.g., 2.g.
<input type="checkbox"/>	Agricultural Loans Secured by Farmland (780)	1.b.	1.b., 2.b.
<input type="checkbox"/>	Commercial Loans (710)	4./4.a., 9.	1.h., 1.j., 1.i., 2.h., 2.j., 2.i.
<input type="checkbox"/>	Commercial Real Estate Loans (780)	1.e.(2)	1.e., 2.g.
<input type="checkbox"/>	Commercial Leases (710)	10.b.	N/A
<input type="checkbox"/>	Consumer Leases – Auto, Marine (743)	10.a.	23
<input type="checkbox"/>	Consumer Loans – Secured Auto, Marine (741)	6.c., 6.d	19, 20
<input type="checkbox"/>	Consumer Loans – Unsecured (740)	6.b., 6.d.	16
<input type="checkbox"/>	Home Equity Loans or Lines (760)	1.c.(1), 1.c.(2)(b)	22
<input type="checkbox"/>	Mortgage 1-4 Family Loans (750)	1.c.(2)(a)	21
<input type="checkbox"/>	Multifamily 5+ Mortgage Loans (780)	1.d.	1.c., 2.c
<input type="checkbox"/>	Municipal Loans (550)	8.	N/A
<input type="checkbox"/>	Owner Occupied CRE (780)	1.e.(1)	1.d., 2.d.
<input type="checkbox"/>	Raw Land Loans (791)	1.a.(2)	1.a., 2.a.
<input type="checkbox"/>	Student Loans (744)	6.d.	18
<input type="checkbox"/>	US / US Agency Guaranteed Loans (720)	Gtd Loan Amounts	Gtd Loan Amounts

3. What is the underlying collateral? (Check all that apply)

<input type="checkbox"/>	Real Estate	<input type="checkbox"/>	Accounts
<input type="checkbox"/>	Goods (Inventory, equipment, etc)	<input type="checkbox"/>	General or Payment Intangibles
<input type="checkbox"/>	Chattel Paper	<input type="checkbox"/>	Other:

4. List the states in which the institution operates:

5. Has the institution expanded its operations into additional states since the last borrower-in-custody (BIC) certification was completed?

6. List any other states which may have jurisdiction over transactions underlying electronic collateral pledged by the institution due to a "choice of law" or similar contractual provision:

## II. ELECTRONIC MANAGEMENT OF LOAN DOCUMENTS

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1. Do you have a structured database system for managing electronic collateral? How does your institution identify the authoritative copy of the loan documentation? Are copies of the authoritative copy clearly labeled as not authoritative? Describe the labeling process and whether labels are created automatically or manually.

2. If you a pledging electronic chattel paper, can your institution meet the requirements of UCC 9-105?

3. Can your electronic loan document system add a label or flag within the loan system to each pledged e-loan that states, "Pledged to FRB Atlanta" or otherwise indicates that FRB Atlanta is the secured party? If so, please provide a screenshot of this language.

4. Does your electronic loan document system track the pledging and sale of loans?

## LEGAL OPINION

5. Has the institution obtained a legal opinion regarding the **enforceability** and assignability of the electronic collateral? If so, please provide a copy of the opinion.

6. Please provide a legal opinion regarding how your institution ensures that it owns the collateral free of any third-party interest.

## CONTINGENCIES

7. Describe the contingency plan to safeguard the accuracy, availability and backup of electronic records that comprise the electronic collateral.

8. How often is the data replicated/backed-up?

9. What is the retention period for backed-up files?

## AUDIT OF ELECTRONIC COLLATERAL

10. Is an audit process in place to track the creation, addition and deletion of electronic documents? If so, please include the most recent copy.

11. Explain how and how often the accuracy, quality and completeness of the imaging process is tested.

12. Describe any problems this testing has uncovered and corrective measures, if any, taken.

### **III. COLLATERAL ORIGINATED AS ELECTRONIC**

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#### **POLICY AND PROCESS**

1. Describe the electronic loan origination process. Include a copy of relevant policies, procedures or guidelines and vendor material which describe the process.

2. Describe how electronic loan documentation is stored, archived, and accessed.

3. Describe how the ability to alter or delete electronic records is controlled and how any such alterations or deletions are tracked.

4. If your institution did not originate the loans (such as indirect loans), describe the valid record of assignment which documents the transfer. Please provide sample assignment records.

5. Describe who has access to the system used to create, maintain and retrieve electronic records, including procedures for granting, monitoring and removing access.

6. Describe the system or product that is used for electronic loan origination and/or storage.

7. If you use a third-party vendor to image and/or store your electronic loan records, please include a copy of the agreement with the vendor.

## DOCUMENTING CONSENT

8. Describe how consent is obtained from borrowers to conduct business electronically.

9. Describe your electronic signature software and processes.

10. Describe the process for authenticating the signatures of borrowers.

## **IV. COLLATERAL ORIGINATED IN PAPER FORM**

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### **POLICY AND PROCESS**

1. Describe the imaging process, including which documents are imaged, what software is being used, and how these images are verified for accuracy and completeness.

2. Describe who has access to the system used to create, maintain, retrieve, and delete imaged copies, including procedures for granting, monitoring and removing access.

3. Describe how the ability to alter or delete imaged documents is controlled and how any such alterations or deletions are tracked.

## PAPER DOCUMENTS PRIOR TO IMAGING

4. Please list the address of the physical storage location(s).

5. Describe how the notes are protected from loss, fire, theft, and other damages.

6. Describe the retention period for paper loan documents.

## DESTRUCTION OF PAPER DOCUMENTS AFTER IMAGING

7. Describe how the original paper documents are destroyed.

8. Explain how the destruction process is monitored and verified. For example, is there a log or are destruction receipts generated?

9. Explain how consent is obtained from borrowers before imaging and destroying the original paper form.