## 

BORROWER-IN-CUSTODY (BIC) PROGRAM APPLICATION

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Part I: Institution Information** | | | | | | | | | | | | | | | | |
| Legal Name of Institution | | |  | | | | | | | | | | | | | |
| ABA Number | | |  | | | | | | | | | | | | | |
| Headquartered Address | | |  | | | | | | | | | | | | | |
| Primary Regulator (Agency Name) | | |  | | | | | | | | | | | | | |
| **OC-10 Contacts (Persons authorized to pledge collateral and/or borrow from the Discount Window)** | | | | | | | | | | | | | | | | |
| Name | |  | | | Title | | |  | | | | | | | | | |
| Email address | |  | | | Phone Number | | |  | | | | | | | | | |
| Name | |  | | | Title | | |  | | | | | | | | | |
| Email address | |  | | | Phone Number | | |  | | | | | | | | | |
| Part II: Pledge Information | | | | | | | | | | | | | | | | |
| 1. Indicate the type(s) of loans being proposed for pledging (do not include previously approved loan type): | | | | | | | | | | | | | | | | |
|  | **FRB Loan Category[[1]](#footnote-2)** | | | **FFIEC Call Report Codes** | | | **NCUA Call Report Codes** | | | | | | **FBO Call Report Codes** | | | |
|  | Agricultural Loans (705): | | | See the link for Call Report details: [FRB Discount Window - Pledging Collateral](https://www.frbdiscountwindow.org/Pages/Collateral/pledging_collateral) | | | | | | | | | | | | |
|  | Agricultural Loans secured by farmland (780): | | |  | | | | | | | | | | | | |
|  | Commercial Leases (710): | | |  | | | | | | | | | | | | |
|  | Commercial Loans (710): | | |  | | | | | | | | | | | | |
|  | Commercial Real Estate Loans (780): | | |  | | | | | | | | | | | | |
|  | Construction Loans (790): | | |  | | | | | | | | | | | | |
|  | Consumer Leases— Auto, Marine (743): | | |  | | | | | | | | | | | | |
|  | Consumer Loans—Secured Auto, Marine (741): | | |  | | | | | | | | | | | | |
|  | Consumer Loans—Unsecured (740): | | |  | | | | | | | | | | | | |
|  | Home Equity Loans or Lines (760): | | |  | | | | | | | | | | | | |
|  | Mortgage 1-4 Family Loans (750): | | |  | | | | | | | | | | | | |
|  | Multifamily 5+ Mortgage Loans (780): | | |  | | | | | | | | | | | | |
|  | Municipalities Loans (550): | | |  | | | | | | | | | | | | |
|  | Owner Occupied CRE (780): | | |  | | | | | | | | | | | | |
|  | Raw Land Loans (791)[[2]](#footnote-3): | | |  | | | | | | | | | | | | |
|  | Student Loans (744): | | |  | | | | | | | | | | | | |
|  | US / US Agency Guaranteed Loans (720)[[3]](#footnote-4): | | |  | | | | | | | | | | | | |
| ☐ | Credit Card Receivables (842) | | |  | | | | | | | | | | | | |
| ☐ | Credit Card Receivables - Subprime (845) | | |  | | | | | | | | | | | | |
| 1a. By loan category, provide approximate number of loans and amounts your institution is planning to pledge: | | | | | | | | | | | | | | | | |
| Number of Loans: | | | | | Outstanding Balances: | | | | | | | | | | | |
| 1. Indicate how the Payment Document, which is the loan document where the underlying debtor promises to pay the Institution (i.e., the payment obligation), usually the promissory note, loan agreement, or lease agreement of the proposed loans are evidenced (check ALL applicable). | | | | | | | | | | | | | | | | |
| Promissory Note  Syndicated Note  Retail Installment Contract  Participation Agreement | | | | | | Credit Agreement  Loan Agreement  Other-Describe: | | | | | | | | | | |
| 1. Are any pledged Payment Documents signed and stored electronically, and/or signed on paper and then imaged and stored electronically with the paper original destroyed? | | | | | | | | Yes | | | | No | | | | | |
| 1. If yes, complete Electronic Collateral Questionnaire and Attestation, found here [FRB Discount Window - 12th District - Forms](https://www.frbdiscountwindow.org/pages/select-your-district/san%20francisco/12th-district-san-francisco-forms). 2. If no, does your institution image and retain the original Payment Documents, with the imaged copies maintained as convenience copies only?   Yes  No   1. Are any pledged Payment Documents signed electronically then printed and stored physically with the physical copy as the authoritative copy? If yes, attach policies/procedures governing this practice.   Yes  No | | | | | | | | | | | | | | | | |
| 1. The Federal Reserve requires pledged loans to be identified by electronic annotation on the loan trial/accounting system (FRB Pledge Code). **This must be implemented prior to initial pledge submission.**  Describe the code and/or field that will be utilized in the system. | | | | | | | | | | | | | | | | |
| * 1. Code: | | | | | | | |  | | | |  | | | | | |
| * 1. Field: | | | | | | | | | | | | | | | | |
| 1. Are any of the proposed loans already pledged or encumbered? | | | | | | | | Yes | | | | No | | | | | |
| If yes, provide detailed information as to why these loans are eligible to be pledged per criteria noted on the [FRB Discount Window Collateral Eligibility](https://www.frbdiscountwindow.org/Pages/Collateral/collateral_eligibility) and attach documentation, as applicable : | | | | | | | | | | | | | | | | |
| 1. Is your institution a member of the Federal Home Loan Bank (FHLB)? | | | | | | | | Yes | | | | No | | | | | |
| If yes, which FHLB and what collateral types are eligible to be pledged or currently pledging? | | | | | | | | | | | | | | | | |
| 1. Is there any other entity that may have a lien on the loans and/or accounts at your institution? | | | | | | | | Yes | | | | No | | | | | |
| If yes, which entity and what is being collateralized for this lien? | | | | | | | | | | | | | | | | |
| 1. Are any of the proposed loans serviced by an affiliate or any subsidiary? | | | | | | | | Yes | | | | No | | | | | |
| If yes, describe the level of service provided: | | | | | | | | | | | | | | | | |
| 1. Does your institution originate any loans from U.S. Territories?  Yes         No (skip to #10)    1. Does the institution intend to pledge these loans as collateral? (Note: Institutions must receive prior approval to pledge these loans as collateral.)   Yes           No    2. If yes, what U.S. Territory are the loans originated from?    3. Where are the original Payment Documents located?    4. Are the loan documents stored with a third-party?                Yes            No | | | | | | | | | | | | | | | | | |
| 1. If your institution is a foreign banking entity, will all the pledged loans be booked to this branch office? | | | | | | | | Yes | No | | | | | N/A | | | |
| If no, provide further information: | | | | | | | | | | | | | | | | |
| Part III: Portfolio Information | | | | | | | | | | | | | | | | |
| 1. Are any of the proposed pledged loans purchased or assumed? | | | | | | | | Yes | | | | No | | | | | |
| If yes, describe/list any agreements/contracts in place ensuring transferability of the loans to your institution: | | | | | | | | | | | | | | | | |
| 1. Are any of the proposed pledged loans participation/ syndication? | | | | | | | | Yes | | | | No | | | | | |
| If yes, complete the attached Addendum, Section 1 | | | | | | | | | | | | | | | | |
| 1. Is your institution proposing to pledge Credit Card Receivables  Yes  No | | | | | | | | | | | | | | | | |
| If yes, complete the attached Addendum., Section 2. | | | | | | | | | | | | | | | | |
| 1. Do obligation (loan) numbers contain customer deposit account or social security numbers? | | | | | | | | Yes | | | | No | | | | | |
| 1. How does your institution monitor access and removal of physical and/or electronic Legal documents from the area where loans are held? | | | | | | | | | | | | | | | | |
| 1. If any loan collateral is in original hardcopy format, describe where the documents are held for the following: (N/A if the proposed pledged loans payment documents are in electronic format)    1. Payment Documents:    2. Supporting Legal/Collateral Documents:    3. Credit Documents: | | | | | | | | | | | | | | | | |
| 1. For commercial loans, have the current risk ratings been reviewed by your primary regulator?   If applicable, attach the latest policy/handbook on loan risk ratings. | | | | | | | | Yes | | No | | | | | N/A | | |
| 1. For consumer loans, is credit quality monitored periodically? | | | | | | | | Yes | | No | | | | | N/A | | |
| 1. Are there any restrictions in the proposed loan agreements limiting or restricting assignability, transfer, sale or pledging? | | | | | | | | Yes | | | | No | | | | | |
| If yes, then explain: | | | | | | | | | | | | | | | | |
| 1. When was the latest review of your loan portfolio conducted by your primary regulatory, internal, or external audit/third party consultant? (**Include/Attach** the results of the last review related to the proposed pledged collateral with any corrective action taken.) | | | | | | | | | | | | | | | | |
| 1. Does your institution use a third-party service provider to store the proposed pledge of Payment Documents and/or Certificate of Title? If Yes: | | | | | | | Yes | | | | No | | | | |  |
| 1. Provide the name of the third-party service provider(s) and executed Appx 5 Form of Agreement for Third-Party Custodian to Hold Collateral (TPC Agreement), which can be found in the [OC-10 Agreements](https://www.frbdiscountwindow.org/Pages/Agreements/OC10_Agreements) page . 2. However, if your institution does not believe a TPC Agreement is required, provide a copy of the corresponding third-party servicing agreement between the institution and third party for our review, and if applicable, an executed TPC Agreement may be required. | | | | | | | | | | | | | | | | |
| 1. Does Audit, or a similar function, periodically conduct a review of the third-party service provider? | | | | | | | | | | | | | | | | |
| 1. For indirect auto loans, does the dealer or originator hold any original installment contracts? | | | | | | | | Yes | | No | | | | | N/A | | |
| * 1. If yes, provide a copy of the agreement. | | | | | | | | | | | | | | | | |
| * 1. If no, describe where the original installment contracts are located: | | | | | | | | | | | | | | | | |
| Part IV: Collateral Controls | | | | | | | | | | | | | | | | |
| 1. Will the institution create procedures for the administration of the BIC program? | | | | | | | | Yes | | | | No | | | | | |
| If no, please explain: | | | | | | | | | | | | | | | | |
| 1. Explain the method by which loans will be monitored to ensure that matured, delinquent, or sold loans are removed from the collateral pool in a timely manner: | | | | | | | | | | | | | | | | |
| 1. If the pledged portfolio value decreases by more than 10% at any given time between reporting periods, an interim report with a new BIC-1 form and detailed pledge listing must be submitted immediately. Describe your institution’s monitoring process to ensure this will occur and include the frequency of this process within the monthly reporting period. | | | | | | | | | | | | | | | | |
| 1. Do you have procedures in place to ensure the safekeeping and ability to access loan documentation after a business continuity event?   If no, please explain: | | | | | | | | Yes | | | | No | | | | | |
| 1. How will your institution ensure compliance with the latest guidance on Federal Reserve’s [Collateral Eligibility](https://www.frbdiscountwindow.org/pages/collateral/collateral_eligibility), [Valuation](https://www.frbdiscountwindow.org/pages/collateral/collateral_valuation), and [Pledging requirements](https://www.frbdiscountwindow.org/pages/collateral/pledging_collateral) for loans pledged under the [Borrower-in-Custody Program](https://www.frbdiscountwindow.org/pages/select-your-district/san%20francisco/12th-district-san-francisco-borrower-in-custody-program-information)? | | | | | | | | | | | | | | | | |
| Part V: Authorization | | | | | | | | | | | | | | | | |
| **I/WE HAVE READ THE ABOVE RESPONSES AND ATTEST THAT THE RESPONSES ARE ACCURATE. FURTHERMORE, I/WE ARE IN RECEIPT AND HAVE REVIEWED THE BORROWER-IN-CUSTODY GUIDELINES.** | | | | | | | | | | | | | | | | |
| **\*AUTHORIZED SIGNATURE** | | | | | | | | | | | | | DATE | | | |
| PRINT NAME | | | | | | | | | | | | | | | | |
| PRINT TITLE | | | | | | | | | | | | | | | | |
| **\*AUTHORIZED SIGNATURE** | | | | | | | | | | | | | DATE | | | |
| PRINT NAME | | | | | | | | | | | | | | | | |
| PRINT TITLE | | | | | | | | | | | | | | | | |
| \*AS REQUIRED BY YOUR INSTITUTION’S BORROWING RESOLUTION ON FILE WITH THE FEDERAL RESERVE BANK. | | | | | | | | | | | | | | | | |
| **Part VI: Submission of Application** | | | | | | | | | | | | | | | | |
| Return the completed application and necessary documents to: [sf.crmcco@sf.frb.org](mailto:sf.crmcco@sf.frb.org) | | | | | | | | | | | | | | | | |
| You will be notified of your eligibility approximately 30 days after receipt of the complete and accurate application. Depending on the results of the UCC filing, and review of the Reserve Bank’s perfected security interest, the process could take more than 30 days. The approval letter sent to your institution is subject to the terms and requirements as outlined, including conditions for pledging collateral and/or any additional agreements that need to be executed prior to pledging. For questions regarding the completion of this form and required documents, contact the Credit Risk Management Department at (866) 974-7475 or email us at sf.crmcco@sf.frb.org. | | | | | | | | | | | | | | | | |

**BIC APPLICATION ADDENDUM**

|  |
| --- |
| **Section1: Participation or Syndication Loans** |
| 1. Are these originated by your institution or purchased?   Does your institution have copies of the loan documents and an origination participation certificate/agreement to evidence its interest? If no, then explain: |
| 1. If your institution originated these loans, are the original loan documents and participation agreement stored with your institution? If no, then explain: |
| 1. Are there any restrictions in the participation certificates/agreements that would limit or restrict assignability, transfer, sale or pledging? If yes, then explain: |
| 1. Are there further obligations to lend funds under these participations? If yes, then explain: |
| 1. Only the portion of a participation retained or purchased by your institution is eligible for pledging to the FRB. Explain how this will be reported accurately on the pledge listing: |
| **Section 2: Credit Card Receivables (Attach internal policy or handbook on Credit Card Receivables)** |
| 1. Describe the composition of the credit card portfolio that your institution is applying to pledge (type e.g. General purpose, affinity, corporate, secured): |
| * 1. Range or legal description of the accounts in the pool that will be pledged: |
| 1. How does your institution make a distinction between prime and subprime customers? |
| * 1. Will subprime credit card receivables be included in your pledge? ☐ Yes ☐ No   If yes, what percentage of the credit card receivable portfolio is subprime? |
| 1. What are the following policies governing the credit card receivable portfolio? |
| * 1. New Accounts: |
| * 1. Re-Aging of Past Due Accounts: |
| * 1. Charge-Off: |
| * 1. Recoveries: |
| * 1. Have the policies above changed since your last regulatory examination? ☐ Yes ☐ No   If yes, what elements? |
| 1. Provide your internal performance statistics for potential pledged credit card receivables for the past year below.     As of Date:   * 1. Potential number of accounts to be pledged:   2. Total outstanding balance:   3. Gross rate of charge-offs and amounts:   4. Total delinquencies reported according to regulatory guidelines:   5. Roll rates according to delinquency bucket (attached if needed): |

1. For Reserve Bank pledging purposes, loans should be classified and coded according to the Report of Condition and Income (“call report”) definitions. Refer to the Federal Reserve Collateral Guidelines for additional information or contact the FRBSF at (866) 974-7475, option 1 if you have any questions. [↑](#footnote-ref-2)
2. For FFIEC, NCUA, and FBO, raw land loans fall under the construction loan category. For FRB pledge purposes, raw land loans are secured by land that has not been improved upon, e.g., no plumbing, sewage, electricity, etc. [↑](#footnote-ref-3)
3. Only the guaranteed/unsold portion of the US Agency Guaranteed loans will receive the guaranteed margin. The remaining non-guaranteed/unsold portion may be pledged under the respective loan category, depending on the agency, and the regular loan margin will be applied. [↑](#footnote-ref-4)