|  |
| --- |
| **Federal Reserve Bank of Boston****Borrower-In-Custody Compliance Certification** |
| **Institution Information** |
| **Legal Name of Institution:****ABA Routing Number:****Date:** | Click here to enter text.Click here to enter text.Click here to enter text. |
| **Street:****City:****State, ZIP:**  | Click here to enter text.Click here to enter text.Click here to enter text. |
| **Contact Name:****Title:****Telephone:****Email:** | Click here to enter text.Click here to enter text.Click here to enter text.Click here to enter text. | Click here to enter text.Click here to enter text.Click here to enter text.Click here to enter text. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  **A. BIC Overview** 1. **Program for which loans will be pledged:**

 [ ]  Discount Window  [ ]  Treasury Tax & Loan (*must complete separate agreements with the U.S. Treasury.)*1. **Does your institution pledge electronic loans, which are defined as loans where the document evidencing the payment obligation has digital signatures or is imaged with the hard copy original destroyed? If yes, please answer 2a and 2b below and complete the Electronic Loan Collateral Due Diligence Questionnaire.**

[ ]  Yes [ ]  No**2a. Are these loans within an asset type that will be pledged to FRBB?**[ ]  Yes [ ]  No**2b. Are you able to identify which loans were originated electronically in your core loan system?**[ ]  Yes [ ]  No1. **Does your institution originate electronic loans that do not meet the definition in #2? (e.g., ink-signed loans with digitally signed modifications, payment documents signed electronically but in a different manner). If yes, please answer 3a through 3c. This does not include imaged documents kept as convenience copies with the originals retained and also does not include electronic supporting documentation such as guaranties, insurance, credit memos, etc. If yes, please answer 3a through 3c below.**

**3a. Please describe the nature of the electronic loans that will be pledged.****3b. Are these loans within an asset type that will be pledged to FRBB?**[ ]  Yes [ ]  No**3c. Are you able to identify which loans were originated electronically in your core loan system?**[ ]  Yes [ ]  No**Unless instructed otherwise, please answer all subsequent questions for both ink-signed and electronic loans.**1. **Pledged Loan Types (based on either CALL/NCUA report codes or previously approved asset types):**

|  |  |
| --- | --- |
| [ ]  HEL/HELOC | [ ]  Consumer-Secured |
| [ ]  1-4 family mtg - owner-occupied\* | [ ]  Consumer-Unsecured |
| [ ]  1-4 family mtg - non owner-occupied\* | [ ]  Student Loans |
| [ ]  Credit Cards | [ ]  High Risk Credit Cards\*  |
| [ ]  Multi-Family/5+ | [ ]  Construction |
| [ ]  Private Banking | [ ]  Other (specify):  |

|  |  |  |
| --- | --- | --- |
| [ ]  CRE | [ ]  Municipal CRE | [ ]  Non-Profit CRE |
| [ ]  C&I  | [ ]  Municipal C&I | [ ]  Non-Profit C&I |
| [ ]  Raw Land | [ ]  Agricultural | [ ]  U.S. Guaranteed |

***\*If your pledge includes 1-4 Family loans, please complete Attachment A.******Note: Loans structured as bonds are acceptable in certain circumstances with the prior approval of FRBB. Please contact your BIC analyst for more information.***1. **Is your institution an FHLB member?** [ ]  **Yes** [ ]  **No**
2. **Does any party other than FHLB have a lien on the pledged loans?** [ ]  **Yes** [ ]  **No**
3. **Does your pledge include participation or syndicated loans?**

[ ]  Yes [ ]  No*If yes, please complete Attachment B and/or Attachment C.*1. **Are all pledged notes made payable to your institution as it is currently named?**

[ ]  Yes [ ]  No*If no, please describe the transaction and how the notes were assigned to your institution.*Click here to enter text. |
| **B. Documentation and Storage for Ink-Signed Loans**1. **Is your institution in possession of all original notes, modifications, amendments and assignments for all loans that will be pledged to the FRBB?** If no, please describe in the text box below 1c.

[ ]  Yes [ ]  No**1a. At what address are the original notes, modifications, amendments and assignments stored?**

|  |  |  |
| --- | --- | --- |
| **Name****Street****Address 2****City, State, Zip Code** |  |  |

Notes and modifications should be stored in one location unless approved by FRBB.*If original notes/amendments/modifications/assignments or original titles collateralizing the pledged loans are stored off-site, your institution must complete and submit the RIM BIC Compliance Certification Attachment C. Additionally, please submit copies of any imaging procedures as well as contracts, agreements and financial analyses of the off-site storage facility.* **1b. Are the original notes, modifications, amendments and assignments held together in a segregated, secured, fire-resistant environment?** If no, please describe in the text box below.[ ]  Yes [ ]  No**1c. Please describe the area where the notes, modifications, amendments and assignments are held** (i.e. vault or file cabinet, fireproofing measures, who has access, is there a tracking system if notes are removed, etc.).Click here to enter text.1. **Does your institution retain original supporting documents** (Recorded Mortgages, UCCs, Titles, Loan Agreements, Borrowing Resolutions, Security Agreements, etc.)?

[ ]  Yes [ ]  No***Automobile titles must be original unless the state in which the vehicle is registered authorizes electronic titles.*****2a. At what address (es) are the supporting documents stored?** supporting documents are electronic in nature, please notate as such.

|  |  |  |
| --- | --- | --- |
| **Name****Street****Address 2****City, State, Zip Code** | Click here to enter text. | Click here to enter text. |

*If supporting legal/credit documentation is stored off-site and it is not imaged, your institution must also complete and submit the RIM BIC Compliance Certification Attachment C.***2b. Are the supporting documents held together in a segregated, secured, fire-resistant environment?**[ ]  Yes [ ]  No**2c. Please describe the area where the supporting documents are held** (i.e. vault or file cabinet, fireproofing measures, who has access, is there a tracking system if documents are removed, etc.).Click here to enter text.1. **Does your institution image documentation?**

[ ]  Yes [ ]  NoIf Yes, please respond to questions 3a and 3b.**3a. What documentation is imaged?**[ ]  Original notes/amendments/modifications/assignments[ ]  Supporting documents**3b. Are imaged copies readily available within your institution’s systems?**[ ]  Yes [ ]  NoPlease explain how supporting documentation can be accessed by FRBB staff.Click here to enter text. |

|  |  |
| --- | --- |
| **C. Electronic Loans**1. **Provide the name of the entity that maintains and controls the electronic loan records (defined as any documents that prompted an answer of "yes" for Section A, Questions 2/3).**
2. **Please describe how the electronic loan records are securely stored and organized.**
3. **Please describe how you ensure the electronic loan records are complete, legible, backed up and not subject to unauthorized access.**
4. **Please describe how FRBB would be granted access to the electronic loan records.**

|  |
| --- |
| **D. BIC Notice Provisions** |

1. **How will your institution comply with the physical notice requirement stating that some loans may be pledged to the FRBB (This only applies to ink-signed loans)?**

[ ]  Visible notice/sign in note storage area[ ]  Labels on individual files[ ]  Physical segregation of the collateral [ ]  Other (specify): Click here to enter text.1. **How will your institution comply with the requirement that all reports generated that include any pledged loans provide notification that some loans may be pledged to the FRBB (check all that apply)?**

[ ]  Account names on G/L are changed to reference “Pledged to FRBB”[ ]  Codes on individual loans *or* headers/footers appear automatically on reports [ ]  Codes on individual loans *or* headers/footers can appear on reports but are manually toggled within the loan system\*[ ]  Other (specify): Click here to enter text.*\* If codes/headers/footers are manually toggled within the bank’s loan system, procedures should be established to govern the process by which they are applied. Please describe these procedures:*Click here to enter text. |

|  |
| --- |
| **E. Ongoing Monitoring**1. **Explain how your institution will monitor the total outstanding balance of pledged loans for decreases greater than 10% between monthly collateral schedule submissions. How frequently will it monitored?**

Click here to enter text.1. **Loans with certain characteristics are not eligible as collateral. Specifically:**
2. Overdraft lines of credit
3. Loans structured as bonds (unless specifically approved by FRBB)
4. Loan with outstanding balances that include capitalized interest
5. Loans with assignability or transferability restrictions
6. Regulation O loans
7. Loans collateralized by stock of any depository institution or affiliate
8. Loans to any affiliate of a depository institution
9. Loans secured by CDs in excess of the most current FDIC insurance limits
10. Loans issued to an affiliated Employee Stock Ownership Plan (ESOP) or secured by stock held by an affiliated ESOP
11. Loans pledged under a specific or blanket lien unless expressly subordinated to the Reserve Bank
12. Loans classified by internal/external auditors or by a supervisory agency as Special Mention, Substandard, Doubtful or Loss
13. Commercial loans that are part of a relationship where one or more loans have been criticized in the past six months
14. Loans with ineligible internal risk ratings
15. Loans subject to adverse legal actions, including bankruptcy
16. Loans to foreign obligors (unless specifically approved by FRBB)

**Please explain the method by which these loan types will be identified and removed from the pledge.** Click here to enter text.1. **What procedures will be in place to ensure that the data (i.e. original face, current face, interest rate, risk rating, maturity date etc.) provided on the monthly collateral schedule and cover letter is accurate?**

Click here to enter text. |

|  |
| --- |
| **F. Audit / Loan Review / Loan Policy**If your institution pledges commercial loans, please forward a copy of the most recent loan review of the pledged loan portfolios (this should include an assessment of your institution’s risk rating system) and any management response. If your institution pledges consumer loans, please forward a copy of the most recent internal or external audit of the pledged loan portfolios (this should include an assessment of your institution’s loan origination processes, loan disbursement processes, loan documentation and internal controls, among other items) and any management response.* Please forward your institution’s current loan policy.
 |
| **OC-10 Authorized Individual Certification**I have reviewed the responses to the Borrower-In-Custody Certification and attest that the responses are accurate.  Click here to enter text. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Authorized Signature Printed Name Title Date  Click here to enter text. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Authorized Signature Printed Name Title Date*Must be signed by the appropriate number of individuals who are authorized per the OC-10 documents your institution has on file with FRBB.* |

|  |
| --- |
| **AUDITOR’S CERTIFICATION**I have reviewed, in the past year, a statistically representative sample of loans, as well as relevant policies and procedures, and attest that the institution is in compliance with Borrower-In-Custody program requirements. Click here to enter text. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Authorized Signature Printed Name Title Date |

**ATTACHMENT A**

|  |
| --- |
| **1-4 FAMILY LOANS**1. **How does your institution ensure that real estate taxes are current?**

Click here to enter text.1. **How does your institution ensure that property insurance policies are current?**

Click here to enter text.1. **How will your institution ensure that owner-occupied and non-owner-occupied mortgage loans are reported on separate tabs on the monthly collateral schedule provided to the FRBB?**

Click here to enter text.  |

**ATTACHMENT B**

|  |
| --- |
| **PARTICIPATION LOANS**1. **If your institution is the lead bank, do you maintain possession of the original note, original participation agreement and a copy of the participation schedule (showing each party’s interest in the loan)?**

[ ]  Yes [ ]  No (If No, please elaborate)Click here to enter text.1. **If your institution is not the lead, do you possess a copy of the note, participation certificate and/or agreement to evidence your institution’s interest?**

[ ]  Yes [ ]  No (If No, please elaborate)Click here to enter text.1. **How will your institution ensure that participation loans containing restrictions on the ability to pledge the loan to a Federal Reserve Bank are not included in the pledge?**

***If the participation loan documents contain language on restrictions/conditions on assignability, it is not eligible to pledge even if it states that the loan may be pledged to a Federal Reserve Bank. If the participation loan documents do not contain any assignability language at all, then the loan is eligible to pledge at the normal margin. If you have participation loans with assignability restrictions that you would like to pledge, please contact your BIC analyst to determine if the restrictions can be removed via an addendum to the agreement***Click here to enter text.1. **How will your institution ensure that only loan participations that are clearly structured as purchase-sale transactions are included in the pledge?**

Click here to enter text.1. **Is there any further obligation to advance funds under any participation loans that will be pledged to FRBB?**

[ ]  Yes [ ]  No (If Yes, please elaborate)Click here to enter text. |

**ATTACHMENT C**

|  |
| --- |
| **SYNDICATION LOANS**1. **If a promissory note exists, does your institution retain possession of the original note (along with original modifications/ amendments), copies of the Credit Agreement (and copies of any modifications/amendments) and, if your institution is not an original lender, a signed assignment and assumption agreement (electronic signature is acceptable)?**

[ ]  Yes [ ]  No [ ]  N/A (Yes/No/NA – elaborate below if needed)Click here to enter text.1. **If a promissory note does not exist, does your institution retain possession of a copy of the Credit Agreement (and copies of any modifications/amendments), a copy of the administrative agent’s register showing your institution’s interest in the loan (a register is a record maintained by the administrative agent that typically lists the names/addresses of the lenders, the loan amounts, any assignments, etc.) and, if your institution is not an original lender, a signed assignment and assumption agreement (electronic signature is acceptable)?**

[ ]  Yes [ ]  No [ ]  N/A (Yes/No/NA – elaborate below if needed)Click here to enter text.1. **In situations where promissory notes do not exist, do the Credit Agreements contain language indicating that in the absence of a note, the administrative agent’s register is definitive evidence of the borrower’s payment obligations?**

[ ]  Yes [ ]  No [ ]  N/A (Yes/No/NA – elaborate below if needed)Click here to enter text.1. **How will your institution ensure that syndication loans containing restrictions on the ability to pledge the loan to a Federal Reserve Bank are not included in the pledge?**

***If the syndicated loan documents contain language on restrictions/conditions on assignability, that language must state that the loan can be pledged to a Federal Reserve Bank. If this language is silent on pledging to Federal Reserve Banks, the loan is ineligible to pledge. If the syndicated loan documents do not contain any assignability language at all, then the loan is eligible to pledge.***Click here to enter text.1. **Is there any further obligation to advance funds under any syndicated loans that will be pledged to FRBB?**

[ ]  Yes [ ]  No (If Yes, please elaborate)Click here to enter text. |

**ATTACHMENT D**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **RIMs (Only applicable to ink-signed loans)**

|  |
| --- |
| 1. Describe how original paper documents are stored at the RIM.
* Describe physical storage facility of RIM.
* Is the pledged documentation segregated from non-pledged documentation and easily accessible?
* 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 easily accessible at the RIM.

Click here to enter text. |
|  |
| 1. 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 any corrective measures taken.
* Describe how the ability to alter or delete imaged documents is controlled and how any such alterations or deletions are tracked.

Click here to enter text. |
|  |
| 1. Describe the storage of and access to imaged documents.
* Describe how imaged documents can be accessed.
* Describe any contingency arrangements for imaged document access.
* Describe how images are indexed or labeled.
* Describe how the legibility of images is ensured.

Click here to enter text.1. Describe how loans would be recalled from a RIM.
* Describe how soon matured or sold loans are removed from the RIM and from the imaging system; 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.
* Other than situations involving matured or sold loans, how often and under what circumstances would loans be recalled from a RIM?

Click here to enter text. |
| **Please provide the most recent financial review/analysis of the RIM.** |

 |