Logo, company name

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| **ELECTRONIC COLLATERAL ADDENDUM**  For the purposes of this Addendum, **electronic collateral** is defined as assets, such as promissory notes, that were either originated electronically *or* originated in paper form but have been converted to electronic form (“imaged”) with the originals destroyed. This definition excludes paper assets that were imaged for convenience or contingency purposes, but the paper originals are retained. | | |
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| --- | --- | --- | --- |
| Institution Name |  | ABA Number |  |
| Street Address |  | | |
| City, State, Zip |  | | |

**PART I: ELECTRONIC LOAN COLLATERAL CATEGORIES**

1. Indicate in the table below what types of electronic collateral you intended to pledge.

**Step #1**: Mark the box to the left of the FRB Loan Category for the loans that the institution intends to pledge and complete Step #2 and Step #3 for that Category.

**Step #2**: For each category of loan identified under Step #1, indicate whether the Payment Documents are signed with a digital signature (**ES**), signed on paper and then imaged and destroyed (**IM**) or both (**Both**). The **Payment Document** 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.

**Step #3**: Indicate whether the pledged loan category may include loans secured by real estate. If any box in Step #3 is checked AND the corresponding Form of Payment Document in Step #2 is **IM** or **Both**, contact FRB Minneapolis before completing the rest of the Addendum.

| **Step #1** | | **Step #2** | **Step #3** |
| --- | --- | --- | --- |
| **FRB Loan Category** | | **Form of Payment Document** | **May Include Loans Secured by Real Estate** |
|  | Agricultural Loans (705) | Choose an item. |  |
|  | Agricultural Loans secured by farmland (780) | Choose an item. |  |
|  | Commercial Leases (710) | Choose an item. |  |
|  | Commercial Loans (710) | Choose an item. |  |
|  | Municipalities Loans (550) | Choose an item. |  |
|  | Commercial Real Estate Loans (780) | Choose an item. |  |
|  | Multifamily 5+ Mortgage Loans (780) | Choose an item. |  |
|  | Owner Occupied CRE (780) | Choose an item. |  |
|  | Construction Loans (790) | Choose an item. |  |
|  | Raw Land Loans (791) | Choose an item. |  |
|  | Consumer Leases— Auto, Marine (743) | Choose an item. |  |
|  | Consumer Loans—Secured Auto, Marine (741) | Choose an item. |  |
|  | Consumer Loans—Unsecured (740) | Choose an item. |  |
|  | Credit Card Receivables | Choose an item. |  |
|  | Home Equity Loans or Lines (760) | Choose an item. |  |
|  | Mortgage 1-4 Family Loans (750) | Choose an item. |  |
|  | Student Loans (744) | Choose an item. |  |
|  | U.S. Agency Guaranteed Loans (720) | Choose an item. |  |

**PART II: GENERAL QUESTIONS**

1. Describe the systems in which the electronic data and records that evidence the electronic collateral are stored.

1. Describe the software safeguards (such as passwords and access rights) and physical security of the systems identified above. Include in your description, as applicable, the following: Who has access to the system used to create, maintain and retrieve electronic records? How is the ability to alter or delete electronic records controlled? How are such alterations or deletions tracked? Who administers system access?

1. Does a single, unique authoritative copy of document that evidences the loan obligor’s repayment promise (e.g., promissory note, record evidencing a monetary obligation and security interest) (“payment document”) exist?

Yes  No

If the answer is Yes, describe the process used to create and identify the single, unique authoritative copy of the payment document.

Describe scenarios in which more than one copy of the electronic collateral may exist. Explain the labeling process used to mark any additional copies as “not authoritative.”

1. How does the institution label electronic collateral as pledged to the Federal Reserve Bank of Minneapolis? Check all that apply.

A legend, notation or metadata value that indicates that the electronic collateral is pledged to the Federal Reserve Bank of Minneapolis is associated with the authoritative copy in a manner that cannot be inadvertently removed.

Description:

The authoritative copy of all pledged electronic collateral is electronically segregated from electronic assets that are not pledged to the Reserve Bank **and** a splash screen, pop-up message, or some other conspicuous notation indicates electronic collateral is pledged to the Federal Reserve Bank of Minneapolis each time a user views the authoritative copy of electronic collateral.

Description:

Both:

A notation in the DI’s GL/Loan system indicates which loans are pledged to the Reserve Bank or a current list of pledged notes is available or readily obtainable, **and**

A splash screen, pop-up message or other conspicuous notation indicates electronic collateral is pledged to the Federal Reserve Bank of Minneapolis each time a user views the authoritative copy of electronic collateral. The message or notation must specify the exact physical location of the paper schedule, the intranet website or page where the electronic schedule is available, and/or the name and/or title of the employee who could provide the schedule (see BIC Booklet for examples of acceptable signage).

Description:

Other, please describe:

1. Has the institution obtained a legal opinion addressing control over the electronic collateral, the pledgor’s ability to enforce its rights in the electronic collateral in court, and/or the pledgor’s ability to transfer or assign the electronic collateral to another party?

If so, please provide a copy of the opinion(s).

1. Describe the institution’s contingency plan to safeguard the accuracy, availability and back up of electronic records that comprise the electronic collateral. Include how often the data are replicated/backed up; what the retention period is for the backed-up files; and whether the backed-up data are stored offsite. If stored offsite, include an address of location and a description of how the data are stored and secured and provide any applicable third-party agreements and contracts.

1. Explain how the accuracy, quality and completeness of the imaging or electronic origination process is tested and with what frequency. Describe any problems this testing has uncovered and any corrective measures taken. Include the most recent audit report that speaks to tracking the creation, addition and deletion of electronic documents.

1. Are any payment documents stored with a third-party storage provider (TSP)?

Yes  No

If yes, provide the name of the TSP:

Provide a copy of the institution’s agreement with the TSP.

Mark the box next to each statement that applies:

The TSP controls who has access to the Payment Documents beyond the initial set-up of the storage service.

The TSP has a security interest in or lien on the files, loans or leases stored with the TSP.

If the institution defaults on its agreement with the TSP, the TSP has the right to delete, take control or restrict access to the Payment Documents.

The TSP performs the typical duties that a custodian of financial assets would perform for the institution (e.g., recordkeeping, payments or distributions of the assets, tax reporting and withholding, etc.) and/or the institution’s agreement with the TSP refers to the TSP as a custodian or bailee of the Payment Documents or grants the TSP any similar custodial rights.

**PART III: QUESTIONS FOR COLLATERAL ORIGINATED ELECTRONICALLY (E-SIGNED)**

*(Skip this section if only pledging loans originated in paper form.)*

1. What electronic origination platform does the institution use to create electronic collateral? Submit any internal policies and procedures related to the process and any applicable or related agreements with vendors or service providers involved in the process.

1. How are borrowers’ signatures obtained (software and equipment)? How are those signatures authenticated?

1. If the electronic collateral does not designate your institution as lender/payee, such as indirect loans, describe how the assignment to your institution is evidenced. Provide a sample screen print.

**PART IV: QUESTIONS FOR COLLATERAL ORIGINATED IN PAPER FORM AND THEN IMAGED AND DESTROYED**

*(Skip this section if only pledging loans originated electronically.)*

1. Will the collateral include any mortgage note (i.e., a payment document relating to an obligation secured by an interest in real estate) that was (i) signed on paper and then imaged and destroyed (not signed with a digital signature), and (ii) would be considered a “negotiable instrument” under Article 3 of the UCC if it were in paper form? Consult your institution’s legal counsel for guidance in determining whether the pledged loans are considered “negotiable instruments.”

Yes  No

If yes, list the state(s) included in the governing law(s) of the imaged and destroyed mortgage notes (the governing law is usually stated in the transaction documents) and submit an opinion or letter from legal counsel, either internal or external, regarding the enforceability of the imaged and destroyed mortgage notes in these states.

1. What imaging platform does the institution use to image collateral? Submit any internal policies and procedures related to the process and any applicable or related agreements with vendors or service providers involved in the process.

1. Briefly describe the process for destroying original paper documents. Include any relevant internal policies and procedures; the sequence of the destruction process; the time frame in which original documents are destroyed after imaging; and any controls for ensuring that destruction occurs (e.g., destruction log or receipts). Include the address and description of the physical storage location of documents pending destruction and describe how the notes are protected from loss, fire, theft, and other damages.

SEND ELECTRONIC COLLATERAL ADDENDUM TO:

Please email all documents to [mpls.credit@mpls.frb.org](mailto:mpls.credit@mpls.frb.org) using [Zix FRSecure Message Center](https://secureemail.federalreserve.com/).

For more information, please contact the Credit/PSR Department at (877) 837-8815.

**PART V: AUTHORIZED SIGNATURES**

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| **Authorization of Borrower\*:** | | | |
| I have reviewed the above responses to the Addendum to the Borrower-in-Custody Certification and attest that the responses are accurate. | | | |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Authorized Signature\* | \_\_\_\_\_\_\_\_\_  Date | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Authorized Signature\*  (for second signer if applicable) | \_\_\_\_\_\_\_\_\_  Date |
| Printed Name | Printed Name | | |
| Title | Title | | |
| *\*Authorized individual(s) listed on the OC-10 Authorizing Resolutions for Borrowers (paragraph 2) or the OC-10 Official Authorization List as a pledgor.* | | | |

**Authorization of Auditor\*\*:**

| I have reviewed the above responses to the Addendum to the Borrower-in-Custody Certification and attest that the responses are accurate. | |
| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Authorized Signature\*\* | \_\_\_\_\_\_\_\_\_\_  Date |
| Printed Name | |
| Title | |
| *\*\* External auditor, internal auditor, or director of the audit committee or committee responsible for internal controls.* | |