

**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

PLEASE ANSWER THE FOLLOWING QUESTIONS.

I. COLLATERAL TYPE

1. Please specify the type of loan(s) or loan pool(s) pledged. For pledging purposes, please distinguish between commercial (not secured by real estate) and commercial real estate loans. Refer to Appendix A for unacceptable loan types.

<input type="checkbox"/> Agriculture	<input type="checkbox"/> 1-4 Family Mortgages (1 st Lien)
<input type="checkbox"/> Commercial	<input type="checkbox"/> 1-4 Family Mortgages (2 nd Lien, Home Equity)
<input type="checkbox"/> Commercial RE	<input type="checkbox"/> Consumer
<input type="checkbox"/> Construction RE	<input type="checkbox"/> Secured (auto, boat, etc.)
<input type="checkbox"/> Raw Land	<input type="checkbox"/> Unsecured
<input type="checkbox"/> Private Banking	<input type="checkbox"/> Credit Card Receivables
<input type="checkbox"/> Other:	

2. 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.*

II. FEDERAL RESERVE BANK (FRB) SECURITY INTEREST

3. Do any of the loans that are pledged to the FRB designate another institution as lender or payee?

Yes No

4. If yes, which entity are the loans originated by?

- An affiliate of your institution [**Generally not eligible for pledge**]
- A subsidiary of your bank [**Loans must be in the pledging bank's name**]
- Other (Please Specify):

5. If the loans were not originated by your institution, how were the loans assigned or transferred?

6. If your institution is pledging loan participations, does your institution have the original participation certificates or participation agreements to evidence this? If no, skip to question 8.

Yes No

7. 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.

Yes No

8. If your institution is a foreign banking organization, are all loans pledged to the FRB booked at this branch office?

Yes No N/A

9. 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 does not accept foreign obligation loans as collateral. Generally, a foreign obligor is an obligor incorporated outside the U.S., unless the obligor is fundamentally a U.S. firm.*

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

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. 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.

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?
<input type="checkbox"/> Electronic <input type="checkbox"/> Paper <input type="checkbox"/> 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

17. Indicate if the loan promissory notes being pledged exist in definitive (paper) or imaged form?
<input type="checkbox"/> Definitive <input type="checkbox"/> Imaged
18. Please provide the address, city and state where the physical loan collateral being pledged under the BIC arrangement is located. If there is more than one location, list addresses for all and the asset type at each location.
<p>Promissory Notes/Mortgages/Deeds of Trust:</p> <p>Credit agreements and other documents:</p>

19. 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 specific warehouse facility (i.e. Iron Mountain, etc.), or whether there is actually a third-party custodian arrangement (i.e. files are continuously monitored/maintained by someone other than your institution). If a third-party custodian is used, please provide a copy of the service agreement.

Yes No

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

21. 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?

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

23. Are original loan documents maintained or destroyed? If destroyed, please provide a legal opinion to ensure that the imaged copies are valid and enforceable*.

Maintained Destroyed

**If the FRB determines that your institution is in unacceptable financial condition, we will not accept imaged loans as pledged collateral. Original documents will be required.*

24. 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?

25. 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"***

VI. COLLATERAL MONITORING & REPORTING

26. How does your institution monitor outstanding loan balances ensuring that the pledge balance does not fall below the stated guidelines? If the outstanding loan balance falls by 10% or more between reporting dates, your institution is required to submit an updated pledge form.

27. 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.

28. 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?

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

SEND ALL DOCUMENTATION IN ONE MAILING TO:

Federal Reserve Bank of Atlanta
Credit and Risk Management
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
Attn: BIC Program

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.

Authorized Signature* Title Date

Print Name

Authorized Signature* Title Date

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

Print Name

** External auditor, internal auditor, or outside director

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

Acceptable Collateral for BIC Program¹:

- 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 O²)
- Loans to a depository institution or affiliate of a depository institution
- Loans collateralized by stock of a depository institution or affiliate
- Loans secured by CDs issued by another depository institution
- 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 bankruptcy³
- 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

¹ Refer to the Collateral Margins Table, located at <http://www.frbdiscountwindow.org/>, for eligible asset types.

² <http://www.federalreserve.gov/bankinforeg/reglisting.htm>

³ 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.