

**BORROWER-IN-CUSTODY (BIC) PROGRAM**

**CERTIFICATION**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Institution Name | |  | | ABA Number |  |
| Street Address | |  | | | |
| City, State, Zip | |  | | | |
| **Primary BIC Contact** | | | | | |
| Name |  | | Title |  | |
| Email Address |  | | Phone Number |  | |
| **Secondary BIC Contact** | | | | | |
| Name |  | | Title |  | |
| Email Address |  | | Phone Number |  | |

PART I: COLLATERAL TYPE - Indicate types of loans pledged:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **FRB Loan Category****[[1]](#footnote-1)** | **FFIEC Call Report Codes** | **NCUA Call Report Codes** |
|  | Agricultural Loans (705): | 3 | 1.g. & 2.g. |
|  | Agricultural Loans secured by farmland (780): | 1.b. | 1.b. & 2.b., 11 |
|  | Commercial Leases (710): | 10.b. | NA |
|  | Commercial Loans (710): | 4. 4.a., 9. 9.a 9.b 9.b(1) 9.b(2), 2. 2.a.(1) 2.a.(2) 2.a. 2.b. | 1.h., 1.j., 1.i., 2.h., 2.j., 2.i., 13 |
|  | Municipalities Loans (710): | 8 | NA |
|  | Commercial Real Estate Loans (780): | 1.e.(2) | 1.e. & 2.e., 11, 12 |
|  | Multifamily 5+ Mortgage Loans (780): | 1.d. | 1.c., 2.c. |
|  | Owner Occupied CRE (780): | 1.e.(1) | 1.d. & 2.d |
|  | Construction Loans (790): | 1.a.(1) & 1.a.(2) | 1.a. & 2.a. |
|  | Raw Land Loans (791): | 1.a.(2) | 1.a. & 2.a., 11 |
|  | Consumer Leases— Auto, Marine (743): | 10.a. | 7 |
|  | Consumer Loans—Secured Auto, Marine (741): | 6.c. & 6.d. | 5, 6, 8 |
|  | Consumer Loans—Unsecured (740): | 6.b. & 6.d. | 4 |
|  | Credit Card Receivables (842): | 6.a. | 1 |
|  | Home Equity Loans or Lines (760): | 1.c.(1) & 1.c.(2)(b) | 10 |
|  | Mortgage 1-4 Family Loans (750): | 1.c.(2)(a) | 9 |
|  | Student Loans (744): | 6.d. | 3 |
|  | U.S. Agency Guaranteed Loans (720)[[2]](#footnote-2): | Guaranteed loan amounts | Guaranteed loan amounts |

|  |  |
| --- | --- |
| Indicate how the loans are evidenced (check ALL applicable): | |
| Promissory Note  Syndicated Note  Retail Installment Contract | Participation Agreement  Loan Agreement and/or Credit Agreement  Other-Describe: |

PART II: GENERAL QUESTIONS

|  |  |
| --- | --- |
| 1. **Please provide the name and address of the location(s) where pledged loan documents are stored.** | |
| Promissory Notes / Mortgages: |  |
| Credit agreements and other documents: | Stored in the same location as above |
| 1. **Does your institution pledge loans that were electronically originated, or loans that have been imaged and the original promissory notes have been destroyed?** | |
| Yes  No | |
| If yes, please complete the [Electronic Collateral Addendum](https://www.frbdiscountwindow.org/~/media/Documents/09Addendumimaged.ashx?la=en). | |
| Does the institution’s loan portfolio include electronic loans that are not pledged to the Federal Reserve? | |
| Yes  No | |
| If yes, explain how the institution ensures that electronic loans are excluded from loan collateral listed on the monthly pledge report: | |
|  | |
| 1. **Does your institution utilize a service provider to maintain or store pledged loans?** | |
| Yes  No | |
| If yes, please answer the following: | |
| 1. Provide name and address: | |
| Promissory Notes / Mortgages: |  |
| Credit agreements and other documents: |  |
| 1. Is the service provider affiliated with your institution? | |
| Yes  No | |
| 1. Is the service provider a subsidiary of your institution? | |
| Yes  No | |
| 1. Does the service provider subcontract any of the maintenance or storage services? | |
| Yes  No | |
| If yes, please describe the nature of this relationship: |  |
| 1. **Do** t**he loans pledged to the Federal Reserve Bank of Minneapolis designate your institution as lender or payee?** | |
| Yes  No | |
| If no, please answer the following: | |
| Which entity originated the loans? | |
| Affiliate of your institution | |
| Subsidiary of your bank holding company | |
| Dealership/Indirect loans | |
| Other (please specify): |  |
| How are the loans assigned or transferred to your institution? |  |
| What loan types are involved in this arrangement? |  |
| List any states which may have jurisdiction over the loans due to a “choice of law” or similar contractual provision. *Please consult with your legal counsel as necessary*. |  |
| 1. **Physical Storage** | |
| 1. Describe the physical storage facility where the notes/ loan documents are held (i.e., location in the building, storage container). Include how the collateral is protected against loss from fire, theft and other dangers. | |
| Promissory Notes / Mortgages: |  |
| Credit agreements and other documents: |  |
| 1. Describe how your institution monitors physical access to and removal of key documents from the storage area: |  |
| 1. Has the location of the notes changed since your institution’s most recent BIC collateral certification submission? | Yes  No |
| If yes, please explain when the change was made and why: |  |
| 1. **The Borrower-in-Custody program requires that collateral pledged to the Federal Reserve Bank of Minneapolis must be identified prominently at participating institutions.** | |
| * 1. Do you certify that your institution is segregating the FRB pledged notes from all other notes your institution may be possession of? | Yes  No |
| If no, please explain: |  |
| * 1. Do you certify that the FRB pledged notes are labeled? | Yes  No |
| If no, please explain: |  |
| * 1. Indicate below how your institution identifies (labels) the collateral as pledged to the Federal Reserve Bank of Minneapolis. (Check all that apply and provide details.) | |
| Label on individual files.  Label on file reads as follows: |  |
| Visible notice in note storage area.  Notice reads as follows: |  |
| Notation on general ledger/loan system.  Explain notation (i.e., code used): |  |
| Other  (please specify): |  |
| 1. **Does your institution pledge employee loans?**   (Please note that employee loans are eligible, while insider loans are not.) | Yes  No |
| If yes, are they stored separately from loans pledged to the BIC program? | Yes  No |
| Describe the physical storage of these loans and how they are identified as being pledged: |  |
| 1. **The Borrower-in-Custody program requires that institutions must submit an updated collateral schedule when the aggregate current balances decrease by 10% or more between reporting dates.** *The expectation is that, along with an updated cover letter and collateral schedule, the email explains the reason for the decrease.* | |
| How does your institution monitor the aggregate collateral balance and the frequency (e.g., daily, weekly, biweekly) that the aggregate balance is monitored between reporting dates? |  |
| How does your institution ensure that matured, delinquent, or sold loans are removed from the collateral pool in a timely manner? |  |
| How does your institution monitor for insider and other ineligible loans? |  |
| 1. **Related to pledged loans, please send applicable documentation of the most recent loan review and audits to the Federal Reserve Bank of Minneapolis with this certification.** | |
| **Date of most current Loan Review:** |  |
| **Date of most current internal Audit Review:** |  |
| **Date of most current external Audit Review:** |  |
| Please comment on any findings related to pledged loans in the review(s) and any subsequent action taken: |  |
| 1. **Does your institution engage in lending to foreign obligors? *Generally, a foreign obligor is an obligor incorporated outside of the U.S., unless the obligor is a U.S. firm.*** | Yes  No |
| If yes, describe how your institution restricts the pledge of foreign obligor loans: |  |
| 1. **Does your institution grant a security interest in any loans to any other entity?** | Yes  No |
| *The expectation is that BIC participants do not pledge the same loan to more than one entity. Please answer this question with respect to your entire loan portfolio (i.e., including loans that you do not anticipate pledging to the Federal Reserve Bank of Minneapolis.)* | |
| If yes, check the applicable box(es) below to identify the organization type and provide the specific entity (i.e., Federal Home Loan Bank of Des Moines, etc.), describe what types of loans are pledged, and how your institution prevents loans from being pledged to more than one organization (double-pledging)? | |
| Federal Home Loan Bank of |  |
| Types of loans pledged: |  |
| How is double-pledging avoided? |  |
| Bankers Bank |  |
| Types of loans pledged: |  |
| How is double-pledging avoided? |  |
| Corporate Credit Union |  |
| Types of loans pledged: |  |
| How is double-pledging avoided? |  |
| Other: |  |
| Types of loans pledged: |  |
| How is double-pledging avoided? |  |

PART III:  PLEDGING COMMERCIAL OR AGRICULTURAL LOANS QUESTIONS

N/A – COMMERCIAL OR AGRICULTURAL LOANS ARE NOT PLEDGED – SKIP THIS SECTION

|  |  |
| --- | --- |
| 1. **Do any of your institution’s pledged loans contain restrictions such as participation, syndication loan or any other agreements that would limit or restrict assignability, transfer, sale or pledge of the collateral to the Reserve Bank or assignability, transfer, or sale of the collateral by the Reserve Bank to a third party?** | |
| Yes  No | |
| If yes, please explain: |  |
| *Note: Participated, syndicated and certain other types of loans often contain such restrictions. The Reserve Bank does not accept loans that contain restrictive language regarding assignability, transfer, sale or pledging unless the restrictions have been waived.* | |
| 1. **Does your institution pledge loan participations?** | |
| Yes  No | |
| If yes, please answer the following questions: | |
| * 1. Does your institution have the original participation certificates or participation agreements to evidence this? | |
| Yes  No | |
| If no, please explain: |  |
| * 1. Is your institution committed to any further lending under these participations? | Yes  No |
| If yes, please explain: |  |
| 1. **Does your institution pledge syndicated loans?** | Yes  No |
| If yes, please answer the following questions: | |
| * 1. What pledge loan types are syndications? |  |
| * 1. Is your institution the lead agent or syndicated member of these loan syndications? | Lead Agent  Syndicated Member  Both |
| * 1. If your institution is the lead agent, does your institution have possession of the original loan documentation, including the note and/or the syndication credit agreement? | Yes  No |
| If no, please explain: |  |
| * 1. If your institution is the syndicate member, does your institution have possession of the original loan documentation, including the note and/or the syndication credit agreement? | Yes  No |
| If no, please explain: |  |
| * 1. Is your institution committed to any further lending under these syndications? | Yes  No |
| If yes, please explain: |  |
| 1. **If pledging portions of loans guaranteed by a U.S. Agency to take advantage of the U.S. Agency Guaranteed Loan margins, identify the guarantor.**   *If your institution will be pledging U.S. Agency-Guaranteed loans for the first time, contact* [mpls.credit@mpls.frb.org](mailto:mpls.credit@mpls.frb.org) *to confirm acceptability.* | |
| SBA Guaranteed  Please specify: |  |
| Other Federal Agency Guaranteed  Please specify: |  |

PART IV:  PLEDGING CONSUMER LOANS QUESTIONS

N/A – CONSUMER LOANS ARE NOT PLEDGED–SKIP THIS SECTION

|  |  |
| --- | --- |
| **Does your institution pledge or intend to pledge third lien home equity loans?** | Yes  No |
| If yes, please answer the following questions: | |
| * 1. Does your institution also hold one or more of the senior (e.g., first or second) positions in all such cases? | Yes  No |
| * 1. Describe under what conditions your institution extends such loans and send your institution’s home equity loan policy with this certification. |  |
| **How does your institution define a “higher risk” or “sub-prime” borrower (e.g., criteria based on credit score, DTI, credit history (past judgments/bankruptcies/etc.) and/or reduced repayment capacity)?** |  |
| **Does your institution intend to pledge “higher risk” or “sub-prime” loans?** | Yes  No |

PART V:  PLEDGING 1 TO 4 FAMILY MORTGAGE QUESTIONS

N/A – 1 TO 4 FAMILY MORTGAGES ARE NOT PLEDGED – SKIP THIS SECTION

|  |  |
| --- | --- |
| 1. **Explain the method by which property tax payment is monitored.** |  |
| 1. **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?** |  |

PART VI:  PLEDGING CREDIT CARD RECEIVABLES QUESTIONS

N/A – CREDIT CARD RECEIVABLES ARE NOT PLEDGED – SKIP THIS SECTION

|  |  |
| --- | --- |
| 1. **Describe the composition of your institution’s credit card portfolio.** | General Purpose  Affinity  Corporate  Secured |
| * 1. Range of the accounts pledged: |  |
| * 1. Outstanding principal balance of the current and the 1-29 days past-due credit card receivables: |  |
| * 1. Describe how the credit card accounts are evidenced: | Physical documents  Imaged documents  Other (please specify): |
| * 1. Explain how the credit card receivables’ outstanding balances can be retrieved: |  |
| 1. **Does a third party service the credit cards?** | Yes  No |
| * 1. If no, does your institution have contingency plans should there be a disruption in service? | Yes  No |
| If yes, please describe: |  |
| * 1. Provide the name and address, and contact information (including phone numbers for key staff). |  |
| * 1. Does the servicer have a preferential security interest in the credit card receivables? | Yes  No |
| * 1. Is the servicer affiliated with your institution? | Yes  No |
| * 1. Is the servicer a subsidiary of your institution? | Yes  No |
| * 1. Does the servicer have a contingency plan should there be a disruption in service? | Yes  No |
| If yes, please describe: |  |
| 1. **What are the following policies governing the credit cards?** | |
| New accounts: |  |
| Re-aging: |  |
| Charge-off: |  |
| Recoveries: |  |
| Other (please specify): |  |
| Have the policies identified above changed since last provided? | Yes  No |
| If yes, please describe: |  |
| 1. **Provide your internal performance statistics for the pledged credit card receivables for the past year (Attached additional information and documentation as needed).** | |
| Number of accounts pledged: |  |
| Total outstanding principal balance: |  |
| Gross-rate of charge off: |  |
| Total delinquencies reported according to regulatory guidelines: |  |
| Roll rates according to regulatory guidelines: |  |
| 1. **Which entity originated the credit card receivables?** | |
| Your institution  An affiliate of your institution  A subsidiary of your institution | |
| Other (please specify): |  |
| 1. **If the credit card receivables were not originated by your institution, how were the credit card receivables assigned or transferred?** |  |

SEND BIC CERTIFICATION 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/).

***Check the following documentation being submitted with this certification:***

The portion of your loan policy that defines your internal loan risk rating system(s) for the loan type(s) being pledged.

The most recent internal or external audit report(s) pertaining to the loan type(s) being pledged.

The most recent loan review report.

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

**PART VII: AUTHORIZED SIGNATURES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Authorization of Borrower\*:** | | | |
| I have reviewed the above responses 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 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.* | |

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 FRB Minneapolis at (877) 837-8815, if you have any questions. [↑](#footnote-ref-1)
2. Only the guaranteed portion of the US Agency Guaranteed loans will receive the guaranteed margin. The remaining non-guaranteed portion may be pledged under the respective loan category, depending on the agency, and the regular loan margin will be applied. [↑](#footnote-ref-2)