

FEDERAL RESERVE BANK OF NEW YORK (FRBNY)
BORROWER-IN-CUSTODY (BIC) OF COLLATERAL
CERTIFICATION FORM (for all loan types except credit card receivables)

A. DEPOSITORY INSTITUTION INFORMATION

Institution Name: _____

Address: _____

City/State/Zip: _____

ABA: _____

Contact (primary): _____

Title: _____

Telephone: _____

E-mail address: _____

Contact (secondary): _____

Title: _____

Telephone: _____

E-mail address: _____

Handwritten certifications will not be accepted.

New BIC Existing BIC

Note: If this is an application for a new BIC arrangement, please respond to the questions indicating the method that you would employ to meet the established BIC Collateral Program Requirements.

Prior to completing this form, verify that you have the latest version available at the following link:
http://www.newyorkfed.org/banking/collateral_pledging_forms.html. If needed, contact the Discount Window at Discount.Collateral@ny.frb.org for a Microsoft Word version of this form.

Indicate the Loan Collateral Type in the BIC

If your institution is pledging multiple loan types that are not monitored/maintained using the same method or are maintained by different business lines or separate locations, please prepare a separate certification form for each BIC arrangement.

Note: Loans should be classified under the applicable call report line item.

<input type="checkbox"/> Agricultural Loans	<input type="checkbox"/> Commercial and Industrial Loans and Leases	<input type="checkbox"/> Commercial Real Estate Loans	<input type="checkbox"/> Construction Loans
<input type="checkbox"/> Consumer Loans and Leases Secured (auto, boat, etc.)	<input type="checkbox"/> Consumer Loans Unsecured	<input type="checkbox"/> One-to-Four Family Mortgage Loans (First Lien)	<input type="checkbox"/> One-to-Four Family Mortgage Loans (Second Lien, Home Equity)
<input type="checkbox"/> Raw Land Loans	<input type="checkbox"/> Obligations of States & Political Subdivisions (municipalities)	<input type="checkbox"/> U.S. Agency Guaranteed Loans ¹	<input type="checkbox"/> Student Loans

¹ Loans issued and guaranteed by the Small Business Administration, the U.S. Department of Education, the Export Import Bank of the United States, or the Rural Housing Service. Only the guaranteed portion of the US Agency Guaranteed loans will receive the guaranteed margin and be included in this type of BIC.

B. BIC OVERVIEW

1. Indicate the method(s) utilized by your institution to originate loans that are pledged, or if you purchase loans, or participation interests in loans, the form that they are purchased in:

- Electronic Tangible

Note: FRBNY's BIC Collateral Program Requirements is available at the following link:

https://www.newyorkfed.org/medialibrary/media/banking/dwindow/BIC_program_requirements.pdf

1a. If the pledged loans are originated or purchased in tangible form, please indicate if your institution does any of the following with the original tangible documents. Please consider if multiple responses are appropriate.

- Image and Destroy
 Image and Store at a Third-Party Custodian (TPC) (including affiliates)
 Image and Store at our location
 Store at our location

For the options chosen above, indicate the loan types associated with each choice below (e.g., Image and Destroy – commercial real estate; Store at Our Location – consumer loans unsecured):

Note: If you select Image and Destroy or Image and Store at a TPC, you must complete the appropriate imaging addendum available at the following link: https://www.newyorkfed.org/banking/collateral_pledging_forms.html

2. Do the loans that are pledged to the FRBNY designate your institution as lender or payee? Yes No

2a. If a “**no**” response was provided to question **number 2**, by which entity are the loans originated?

Note: Loans from affiliates are not eligible for pledging unless the loans have been assigned or otherwise transferred to your institution.

- A subsidiary of your institution
 A subsidiary (direct or indirect) of your bank holding company that is not a subsidiary of your institution
 Other (please specify) _____

2b. If a “**no**” response was provided to question **number 2**, how were the loans originated by the other entity assigned or otherwise transferred to your institution?

Note: This question does not apply to participation interests in loans directly sold to your institution from an unaffiliated entity.

Has your institution filed a UCC-1 against the transferor? Yes No, please explain below

3. Please indicate if your institution pledges the loan types indicated below. If either loan type is selected, provide a response to 3a, and, if applicable, to 3b.

- Participation Interests in Loans² Syndicated Loans³

3a. Does your institution evaluate the borrower's ability to meet your institution's standards for creditworthiness to ensure the loans remain eligible for pledging?

² Purchase of an indirect interest in a loan from another depository institution. You are not a party to the loan agreement and do not have a direct legal relationship with the borrower.

³ You are party to the loan agreement in which other banks are also involved and have a direct legal relationship with the borrower.

Yes No, please explain below

3b. If your institution is pledging participation interests in loans, does your institution have the original participation certificate or participation agreement to evidence this?

Yes No, please explain below

Note: Institutions that are involved in participation and syndication arrangements are expected to evaluate the borrower's ability to meet their own institution's standards for creditworthiness.

4. Bilateral loans and loan participations with assignment or transfer restrictions (e.g., borrower/agent consent required to assign, eligible assignee or disqualified assignee lists, minimum net worth restrictions for assignees, or minimum assignment amounts) are not eligible for pledging. Are there any restrictions that would limit or restrict the assignability of the loans or loan participations being pledged?

Yes, please explain below No

5. For commercial type loans, as defined in the BIC Collateral Program Requirements, does your institution pledge loans that are secured by underlying collateral?

Yes No

If yes, please explain the method(s) utilized for perfecting your security interest (e.g. Uniform Commercial Code, Federal Aviation Administration, etc.) on the underlying collateral.

6. For commercial type loans, as defined in the BIC Collateral Program Requirements, does your institution pledge loans made to "non-operating companies"? For purposes of this certification, the term "non-operating company" is defined as: A company that only holds financial assets and from which the re-payment of a loan would depend primarily on cash flow from or liquidation of these financial assets. Some examples might be loans to pooled investment vehicles (e.g., mutual funds, hedge funds, private equity funds, structured investment vehicles and CDOs).

Yes, please explain below No

7. In the event of a failure by your institution to repay a Discount Window advance, the FRBNY may take possession of the pledged collateral. Does the documentation of the pledged collateral purport to impose any obligation by FRBNY to lend to your institution's customers?

Yes, please explain below No

8. If your institution is a **foreign** banking organization, will all the loans pledged to the FRBNY be booked to this branch office?

Yes No, please explain below

9. Does your institution have a process in place to ensure that foreign obligor loans are not included in its pledge? Please refer to the BIC Collateral Program Requirements for the definition of a foreign obligor. *Note: This question must be answered by all institutions not just foreign banking organizations.*

Yes No, please explain below

10. Does any other party have a lien (blanket or specific) on the loans pledged to the FRBNY?

Yes No

If yes, please list the name of the organization(s) that has(have) a lien on the loans being pledged to the FRBNY (e.g. FHLB, Corporate Credit Union, Other):

Organization Name:

Primary Contact Name:

E-mail address:

Phone:

Note: FRBNY may choose to share collateral schedule information with other lien holders to ensure double pledging of collateral does not occur; or may enter into subordination or similar arrangements to establish priorities in respect of the collateral.

11. For all pledged loans, does your institution maintain the minimum required supporting documentation as outlined in Appendix A of FRBNY's BIC Collateral Program Requirements?

Yes No, please explain below

Note: Appendix A of FRBNY's BIC Collateral Program Requirements is available at the following link:
https://www.newyorkfed.org/medialibrary/media/banking/dwindow/BIC_program_requirements.pdf

C. STORAGE AND SERVICING

12. Please provide the physical location of the tangible BIC collateral. If it is at the same address as indicated on Page 1 of this document, you must still complete this section. If multiple locations are utilized, indicate the loan collateral type at each location.

Location of Promissory Notes:

Name of Institution:

Address (include floor number):

City, State and Zip:

Location of Supporting Documents (only if different from location of promissory notes):

Name of Institution:

Address (include floor number):

City, State and Zip:

13. Since your last annual certification, has the physical location of the BIC collateral changed?

Yes, FRBNY was notified Yes, FRBNY was not notified No Not applicable – New BIC

14. Does your institution utilize a third party to service (e.g., collect payments, collect and pay taxes and insurance, etc.) the pledged collateral?

Yes No

14a. If you responded yes to question 14, briefly describe the third party's responsibilities.

15. If you checked the box for Image and Store at our location or Store at our location in question #1, you must answer this question. Note, if you checked the box Image and Destroy in question #1, you must answer this question if the loans are pledged at any time before destruction.

Promissory Notes:

- Stored in fire-resistant environment
Type of Storage: file cabinets shelves other (explain below)
Location of Storage: file room vault other (explain below)
- Stored in a secure environment (e.g., combination locks, keypad entry, etc.)
- Physical access is controlled and limited to specific individuals
- A process is in place to track the removal and return of pledged loan documentation (e.g., log)
- Other (provide details) _____

Supporting Documents (only if different from location of promissory notes):

- Stored in fire-resistant environment
Type of Storage: file cabinets shelves other (explain below)
Location of Storage: file room vault other (explain below)
- Stored in a secure environment (e.g., combination locks, keypad entry, etc.)
- Physical access is controlled and limited to specific individuals
- A process is in place to track the removal and return of pledged loan documentation (e.g., log)
- Other (provide details) _____

16. If your institution pledges loans originated in electronic form, please describe the naming convention of loan files (e.g. obligor name and/or obligation number), file access and change controls, and contingency arrangements for access to files (e.g., data back-ups).

D. COLLATERAL IDENTIFICATION

17. It is a requirement of the BIC program that collateral pledged to the FRBNY must be prominently identified at your institution. Indicate below how your institution identifies the collateral as pledged to the FRBNY.

Please refer to the Collateral Identification section of the BIC Collateral Program Requirements for required labeling.

- Notation on General Ledger and/or Field in Loan System **indicating that the loans are pledged to the FRBNY**
Explain notation (e.g., indicate code used): _____
- Label on Individual Physical Files **indicating that the loans are pledged to the FRBNY**
- Label on File Cabinets **indicating that the loans are pledged to the FRBNY**
- Visible Notice in Specific Custody Area **indicating that the loans are pledged to the FRBNY**
- Physical Segregation of the Collateral
- Other (please specify): _____

18. For pledging purposes, loans should be classified under the applicable call report line item and reported appropriately on the pledge cover letter. Does your institution have a process in place to ensure that pledged loans are reported correctly based on the call report line item?

- Yes No, please explain below

E. COLLATERAL MONITORING

It is a requirement of the BIC program that if the aggregate outstanding balance of the loans on the most recently submitted collateral schedule decreases by 10 percent (applies to the individual BIC arrangement) or more between monthly reporting dates, you must immediately notify the FRBNY and update your collateral schedule.

Please note that at a minimum, weekly monitoring is required. Refer to the Collateral Updates and Monitoring section of the BIC Collateral Program Requirements for additional information.

19. Please confirm that all of the following steps are taken (or would be taken) to comply with the 10 percent monitoring and reporting requirement:

- The total outstanding pledge balance for each individual BIC arrangement is compared to the most recently submitted collateral schedule to determine if the value decreased by 10 percent or more between reporting periods
- If a 10 percent decrease occurs, a cover letter and updated collateral schedule is immediately submitted to BIC@ny.frb.org.

20. How does your institution monitor collateral levels between reporting periods? As part of your response, indicate the monitoring tools used (e.g., queries, reports, etc.).

20 a. How frequently are the collateral levels monitored? Daily Weekly

21. Does your institution have a process in place to ensure that matured loans and loans maturing within 30 days after the pledge/processing date are not included in your pledge? Yes No, please explain why not below

22. How frequently are the loans monitored to ensure that delinquent (over 30 days for commercial type loans and over 60 days for consumer type loans) or sold loans are removed from the collateral pool in a timely manner?

Daily Weekly

F. DATA QUALITY

23. Describe how the collateral schedule is created.

24. How does your institution ensure the data used to create the collateral schedule is accurate?

G. LOAN QUALITY

25. If your institution is pledging commercial type loans (as defined in the BIC Collateral Program Requirements), please provide the requested documentation and answer questions **25 to 28b**.

- Provide a copy of your institution's most recent loan portfolio review prepared by your loan review department or auditor (internal or external).
- Provide a complete copy of your most recently approved loan policy manual with internal risk rating scale definitions.

26. Has there been any change to the internal risk rating system since the last submission of your BIC certification form?

Yes No Not applicable - New BIC

27. Are loan ratings based on borrower credit worthiness or do they reflect a combination of borrower credit worthiness and collateral secured from the borrower and/or third-party guarantees?

28. Please describe your institution's loan review process, including the frequency and scope of credit reviews.

28a. Were differences in risk ratings found at the last loan review? Yes No

28b. If yes, how were such discrepancies addressed?

29. Please provide the following documentation:

- Most recent audit report of your institution's compliance with BIC Collateral Program Requirements including management's response to any findings.
- *For new BIC applicants, submit the most recent audit report pertaining to the proposed loan type(s).*

30. If your institution is pledging consumer loans (secured or unsecured) or student loans, how is credit quality monitored?

H. Questions 31 to 32 are specific to One-to-Four Family Mortgages and Home Equity Loans and Lines of Credit

If your institution is pledging more than one of the above listed types, please make a distinction if the processes indicated in questions 31 to 32 are different for each loan type.

31. Explain the method by which payment of property taxes is monitored.

31a. Are property taxes current on all pledged loans? Yes No

32. Explain the method by which property insurance policies are kept current for both escrowed and non-escrowed customers.

32a. Is there current property insurance coverage on the entire outstanding balance of each pledged loan?

Yes No, please explain below

AUTHORIZATION

PLEASE HAVE THE APPROPRIATE OFFICIALS OF YOUR INSTITUTION REVIEW AND SIGN THIS FORM.

I have reviewed the above responses and attest that the responses are accurate.

**Authorized individual(s) listed on the Borrowing Resolution (line 2) or the Official OC-10 Authorization List as a pledgor.*

Authorized Signature*

2nd Authorized Signature, if applicable*

Print Name

Print Name

Title

Title

Date

Date

I certify that I am in receipt of and have reviewed the FRBNY's Borrower-In-Custody Collateral Program Requirements and Operating Circular 10 (OC10). 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

E-mail address

I am an internal auditor external auditor responsible director (**Note 1**)

Note 1: *The director must not be directly responsible for discount window borrowing or collateral pledging and should not appear on the Official OC10 Authorization List on file for your institution.*

E-MAIL INSTRUCTIONS

Using [FRSecure](#) or other approved secured transmission method; send a signed copy of the BIC Certification form and all attachments to the following e-mail address: Discount.Collateral@ny.frb.org. Please indicate one of the following applicable subject lines and include your institution's ABA number at the end of the subject line: **Annual BIC Certification Form** or **New Applicant BIC Certification Form**. For example: *Annual BIC Certification Form – ABA 123476789*