# 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

<table>
<thead>
<tr>
<th>Institution Name: ___________________________</th>
<th>Contact (primary): ___________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: _________________________________</td>
<td>Title: ____________________________________</td>
</tr>
<tr>
<td>City/State/Zip: ___________________________</td>
<td>Telephone: _________________________________</td>
</tr>
<tr>
<td>ABA: ________________________________</td>
<td>E-mail address: ______________________________</td>
</tr>
<tr>
<td>Contact (secondary): _______________________</td>
<td>Title: ____________________________________</td>
</tr>
<tr>
<td>Telephone: _______________________________</td>
<td>E-mail address: ______________________________</td>
</tr>
</tbody>
</table>

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 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](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.

<table>
<thead>
<tr>
<th>☐ Agricultural Loans</th>
<th>☐ Commercial and Industrial Loans and Leases</th>
<th>☐ Commercial Real Estate Loans</th>
<th>☐ Construction Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ U.S. Agency Guaranteed Loans</td>
<td>☐ Private Banking Loans</td>
<td>☐ One-to-Four Family Mortgage Loans (First Lien)</td>
<td>☐ One-to-Four Family Mortgage Loans (Second Lien, Home Equity)</td>
</tr>
<tr>
<td>☐ Consumer Loans and Leases Secured (auto, boat, etc.)</td>
<td>☐ Consumer Loans Unsecured</td>
<td>☐ Student Loans</td>
<td>☐ Raw Land Loans</td>
</tr>
</tbody>
</table>

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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. The remaining non-guaranteed portion may be pledged under the respective loan category, and the regular loan margin will be applied.
## B. BIC OVERVIEW

1. In regards to original loan documentation, does your institution do any of the following:

<table>
<thead>
<tr>
<th>Option</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image and Destroy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image and Store at a Third Party Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: If you select one of the above image options, you must complete the appropriate imaging addendum available at the following link: [https://www.newyorkfed.org/banking/collateral_pledging_forms.html](https://www.newyorkfed.org/banking/collateral_pledging_forms.html)*

2. Does your institution pledge loans that were originated in electronic or paperless forms?  

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

If yes, please indicate the loan collateral type(s).

*Note: Uniform Commercial Code (UCC) Article 3 negotiable instruments (e.g., mortgage notes) originated in electronic or paperless forms are not eligible for pledge to the FRBNY.*

3. Do the loans that are pledged to the FRBNY designate your institution as lender or payee?  

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

4. If a “no” response was provided to question number 3, by which entity are the loans originated?

<table>
<thead>
<tr>
<th>Option</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>A subsidiary of your institution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A subsidiary (direct or indirect) of your bank holding company that is not a subsidiary of your institution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. If a “no” response was provided to question number 3, how were the loans originated by the other entity assigned or otherwise transferred to your institution?

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

5a. Has your institution filed a UCC-1 against the transferor?  

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

6. Please indicate if your institution pledges the loan types indicated below. If either loan type is selected, provide a response to 6a, and, if applicable, to 6b.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndication Loans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6a. Does your institution evaluate the borrower’s ability to meet your institution’s standards for creditworthiness to ensure the loans remain eligible for pledging?  

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No, please explain below</th>
</tr>
</thead>
</table>

6b. If your institution is pledging participation loans, does your institution have the original participation certificate or participation agreement to evidence this?  

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No, please explain below</th>
</tr>
</thead>
</table>

*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.*
7. 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 being pledged?

- [ ] Yes, please explain below  - [ ] No

8. For commercial type loans, as defined in the BIC 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.

9. For commercial type loans, as defined in the BIC 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

10. 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

11. 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

12. 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 Program Requirements for the definition of a foreign obligor.

- [ ] Yes  - [ ] No, please explain below

13. 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.

14. 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

15. Please provide the physical location of the BIC collateral. If it is at the same address as indicated on Page 1 of this document, you must still complete this section.

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: 

16. 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

17. 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

18. If you responded yes to the above question, briefly describe the third party’s responsibilities.

19. Indicate the type of physical storage where the pledged collateral is held and indicate the controls that are in place. If ALL of your institution’s collateral documents are held at a RIM, do not respond to this question. If any portion of your collateral documents is held onsite at your branch, you must complete this section.

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) ________________________________

D. COLLATERAL IDENTIFICATION

20. 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 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):_________________________________

21. 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 pledge decreases by 10 percent or more between reporting periods, you must immediately notify the FRBNY and update your collateral schedule.

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

22. 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 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.
23. 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.).

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

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

25. 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**

26. Describe the software and/or system that your institution utilizes to store and report loan information.

27. Describe how the collateral schedule is created.

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

**G. LOAN QUALITY**

29. If your institution is pledging commercial type loans (as defined in the BIC Program Requirements), please provide the requested documentation and answer questions 29 to 32.

- 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.

30. 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

31. 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?

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

a. Were differences in risk ratings found at the last loan review? □ Yes □ No
b. If so, how were such discrepancies addressed?
33. Please provide the following documentation:

- Most recent audit report of your institution’s compliance with BIC 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).*

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

<table>
<thead>
<tr>
<th>H. Questions 35 to 37 are specific to One-to-Four Family Mortgages and Home Equity Loans and Lines of Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>If your institution is pledging more than one of the above listed types, please make a distinction if the processes indicated in questions 35 to 37 are different for each BIC arrangement.</td>
</tr>
</tbody>
</table>

35. Explain how your institution screens mortgage loans to ensure that only one-to-four family, owner occupied loans are pledged (e.g., notations or codes used, etc.).

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

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

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

37 a. Is there current property insurance coverage on all pledged loans? □ Yes □ No
**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 individuals listed on the Borrowing Resolution (line 2) or the Official OC-10 Authorization List as a pledgor.*

<table>
<thead>
<tr>
<th>Authorized Signature*</th>
<th>2nd Authorized Signature, if applicable*</th>
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<th>Print Name</th>
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</table>

I certify that I am in receipt of and have reviewed the FRBNY’s Borrower-In-Custody of 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.

<table>
<thead>
<tr>
<th>Authorized Signature</th>
<th>Title</th>
<th>Date</th>
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<table>
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<th>Print Name</th>
<th>E-mail address</th>
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</table>

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

Please indicate your institution’s certification form cycle (Note 2): [ ] 12 months [ ] 18 months

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

**Note 2:** Certifications should be submitted to the FRBNY on an annual basis or within the auditor cycle but cannot exceed 18 months.

**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**