

**PROCEDURES – CD IN LIEU OF BOND**  
**(Residential Mortgage Practices Act)**

1. Licensee must obtain a CD (certificate of deposit) in the amount required under Idaho Code § 26-3110, in licensee's name, FBO (for the benefit of) the Director of the Idaho Department of Finance.
2. The issuing bank or credit union must be instructed as follows:
  - a. The taxpayer identification number (TIN) used for the CD shall be the licensee's TIN.
  - b. Interest on the CD shall be paid to the licensee.
  - c. The CD shall be automatically renewed for like terms, unless the Director instructs the bank or credit union to the contrary.
  - d. The Director shall have the sole right and ability to cash or redeem the CD, to designate the party to whom the CD proceeds should be paid, or to release the CD to the licensee.
  - e. The issuing bank or credit union shall take all steps necessary to ensure that the CD is not cashed or redeemed by a person other than the Director, without the Director's consent.
3. In the event that the CD must be cashed or redeemed by the Director before its maturity and applied to the licensee's obligations or liability under the Residential Mortgage Practices Act, the licensee understands that the bank or credit union issuing the CD may assess its customary early withdrawal penalty.
4. The licensee shall at all times maintain the CD in accordance with the requirements of Idaho Code § 26-3110.
5. The licensee understands that the Director may hold and control the CD for (i) up to three years following the date when the licensee discontinues operations, or (ii) up to three years following the licensee's replacement of the CD with a satisfactory surety bond.