

Optimizing Your Collateral Eligibility



FHLB Des Moines offers an extensive collateral menu to help ensure members have access to our products and services. Receive the maximum value of your pledged collateral by using this reference guide to best identify and pledge eligible collateral with required documentation in the correct type codes.

All collateral pledged to FHLB Des Moines is subject to eligibility criteria, restrictions and limitations. Every member pledging collateral will have a periodic review known as a Member Collateral Verification (MCV) at least once every 5 years.

Loan Collateral Menu – for Depository Members

1-4 Family Residential - Conventional

Type Code	Collateral Type
1101/3101	1-4 Family Residential First Mortgage Loan e
1102/3102	1-4 Family Residential First Mortgage Loan - Nontraditional Loan e
1103/3103	1-4 Family Residential First Mortgage Loan - Subprime Loan e
1106	1-4 Family Residential First Mortgage Loan - Held-for-Sale Loan ¹
1431	1-4 Family Residential First Mortgage Loan - Construction Loan ¹
1414/3414	1-4 Family Residential Home Equity Mortgage Loan e
1423	Home Equity Lines of Credit - First Lien
1424	Home Equity Lines of Credit - Second Lien
1461	1-4 Family Residential First Mortgage Loan - Retained Participation
1561	1-4 Family Residential First Mortgage Loan - Purchased Participation

Multi-Family Real Estate

Type Code	Collateral Type
1109	Multi-Family Real Estate First Mortgage Loan
1110	Multi-Family Real Estate First Mortgage Loan - Interest Only
1401	Multi-Family Real Estate Second Mortgage Loan
1441	Multi-Family Real Estate First Mortgage Lines of Credit
1442	Multi-Family Real Estate Second Mortgage Lines of Credit
1470	Multi-Family Real Estate First Mortgage Loan - Retained Participation
1570	Multi-Family Real Estate First Mortgage Loan - Purchased Participation

Agricultural Real Estate

Type Code	Collateral Type
1407	Agricultural Real Estate First Mortgage Loan
1472	Agricultural Real Estate First Mortgage Loan - Retained Participation
1572	Agricultural Real Estate First Mortgage Loan - Purchased Participation

Commercial Real Estate

Type Code	Collateral Type
1402	Commercial Real Estate First Mortgage Loan
1404	Commercial Real Estate Second Mortgage Loan
1410	Commercial Real Estate First Mortgage Loan - Interest Only
1443	Commercial Real Estate First Mortgage Line of Credit
1444	Commercial Real Estate Second Mortgage Line of Credit
1471	Commercial Real Estate First Mortgage Loan - Retained Participation
1571	Commercial Real Estate First Mortgage Loan - Purchased Participation

Government Insured

Type Code	Collateral Type
1203/3203	Government Insured - VA Home Loan ² e
1205/3205	Government Insured - FHA Home Loan ² e
1206	Government Insured - FSA Farm Loan ²
1207	Government Insured - USDA Business Loan
1208	Government Insured - USDA Rural Home Loan ²
1209	Government Insured - HUD Section 184 Home Loan ²
1210	Government Insured - BIA Business Loan

Community Financial Institutions (CFI) Loans

Type Code	Collateral Type
1616	Community Financial Institution - Secured Business Loan
1617	Community Financial Institution - Secured Agri-Business Loan
1626	Community Financial Institution - Secured Business Line of Credit
1627	Community Financial Institution - Secured Agri-Business Line of Credit

¹ May not be pledged by members with maximum credit capacity of less than 20% of total assets

² May be pledged by Housing Associate borrowers, in which case the Loan-to-Value (LTV) Discount is 5 percentage points lower than the posted LTV Discount.

FHLB Des Moines will accept eNotes (electronic promissory notes) for collateral types marked with **e**

Common Collateral Coding and Pledging Mistakes

Maximize your collateral position with FHLB Des Moines by working to avoid these common causes of loan ineligibility often discovered throughout the MCV process.

LOANS PLEDGED USING INCORRECT COLLATERAL TYPE CODES

✗ 1st lien 1-4 Family loans made to subprime borrowers pledged in the prime collateral type code of 1101	→	✓ BEST PRACTICE RECOMMENDATIONS Pledge 1st lien 1-4 family loans with credit scores ≤ 620 in the subprime type code of 1103
✗ Participation loans pledged in non-participation specific collateral type codes	→	Pledge pre-approved participation loans in participation-specific type codes
✗ Multi-family properties pledged in the commercial real estate type codes or vice versa	→	Choose a collateral type code that accurately aligns with the property type
✗ Revolving line of credit loans pledged in close-ended type codes	→	Use Line of Credit type codes
✗ Loans not pledged in the correct type code for the lien position	→	Choose a collateral type code that aligns with the lien position listed on the title work. (i.e.: 1st lien position pledged under 1st lien type code)
✗ Government guaranteed loans not pledged in the specific government guaranteed type codes	→	Government guaranteed loans must be pledged in the specific government guaranteed type code

PLEDGING PAST DUE LOANS

✗ Loans pledged with delinquent payments past the allowed timeframe for the collateral type code	→	✓ BEST PRACTICE RECOMMENDATION Check delinquency allowance for your collateral type code
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PLEDGING INELIGIBLE LOANS

✗ Including loans from employees, officers, directors, attorneys or agents of your institution or FHLBanks	}	→	✓ BEST PRACTICE RECOMMENDATION Exclude these types of loans from pledged collateral
✗ Loans pledged past maturity date			
✗ Including loans on vacant real estate properties, land that is raw or in development or properties not complete			
✗ Loans made to manufactured homes not deemed real property by applicable state laws			
✗ Loans with scanned or imaged copies of wet signature paper notes or facsimile signatures			



Collateral Documentation Best Practice Recommendations

- ✓ Confirm your loan files contain these required elements:
 - Original, physical, wet-inked signed paper promissory notes
 - eNotes accepted for specific residential loans
 - **Remember: Never Destroy Original Notes**
 - Fully-executed Security Instrument or Deed of Trust (*Lien documentation generated after the loan sample is provided will not be accepted*)
 - Property valuation documentation to support acceptable collateral type code loan-to-value requirements
- ✓ Only pledge loans assigned to your institution through MERS® or recorded assignments and/or proper note endorsements