



ELIGIBLE MEMBER COLLATERAL REQUIREMENTS

These requirements are General Eligibility matters affecting all loan collateral (or as noted) pledged to FHLB Des Moines. This checklist supplements individual loan collateral type eligibility checklists.

GE	GENERAL ELIGIBILITY	YES	NO
	1. Note Originality: Debt obligation evidenced by a singular promissory note: <ul style="list-style-type: none"> Original physical wet signature paper note, wet signature modifications and wet signature extensions. Electronically signed modification acceptable if compliant with <i>Electronic Signature Modification Guidelines</i>. eNotes (and modification of) compliant with <i>eNotes Requirements and Guidelines</i> Lost or destroyed notes compliant with <i>Lost or Destroyed Note Guidelines</i>. Loans with scanned or imaged copies of wet signature paper notes or facsimile signatures are not eligible. 		
	2. Note Ownership: Note is payable to pledgor, via signed endorsement, or transfer of control in the MERS eRegistry (eNotes only).		
	3. Interest Capitalization: Loans with promissory notes that allow unpaid interest to be capitalized are not eligible collateral.		
	4. Government Guaranteed Loans: Government Agency loans are eligible only if reported as government guaranteed loan types noted below, comply with all criteria noted on this checklist and meet all Agency program requirements assuring an unqualified valid agency guarantee. <ul style="list-style-type: none"> 1-4 Residential: 1203 VA, 1205 FHA, 1208 USDA Rural Housing, 1209 HUD Section 184, 1211 FHA HECM Commercial/Agricultural: 1207: USDA (Business & Industry/Rural Energy for America and REAP only); 1210 Indian Loan Guarantee (guaranteed only; insured loans not eligible); 1206 FSA (term loans only, not line of credit) SBA guaranteed loans may be pledged as Commercial Real Estate or Secured Business Loans by Blanket APSA members provided the loan meets all eligibility criteria of the reported collateral type (where an interest in the SBA loan has been sold or purchased, the pledged interest must be secured per the eligibility criteria of the reported collateral type). To assure FHLB Des Moines interest in the guarantee, the original Guarantee, Guarantee Assignment and/or other requisite documentation must be delivered if delivery of collateral is required. 		
	5. Loan Type Limitations: Loan's contractual obligation is not a lease financing receivable, sales contract (e.g. contract for deed), secured bond or similar instrument originated by a political entity for purpose of tax exemption. Reverse mortgages are acceptable only when pledged as FHA Home Equity Conversion Mortgages (HECM).		
	6. Construction: Not secured by property under construction unless pledged as 1-4 Family Construction loan collateral.		
	7. Payment Status: Not more than 90 days past due for residential first mortgage term loans (type codes 1101, 1102, 1103, 1106, 1461, 1561, 1203, 1205, 1208, 1209 and corresponding 3XXX eNote type codes). Not more than 30 days past due for all other type codes. Not on non-accrual, in foreclosure, charged-off, or borrower in/filing bankruptcy.		
	8. Participation: Not a participation interest if pledged in a wholly owned collateral type. If pledged as participation loan collateral, loan is of proper participation type. (Note: 100% participations purchased are not eligible).		
	9. Classification: Not classified substandard, doubtful or loss either internally or by a regulator.		

10. **Obligor Limitations:** Borrowers, Obligors and/or Guarantors are not any of the following:

- An employee, officer, director, attorney or agent of FHLB Des Moines or pledging institution.
- Company controlled by an employee, officer, director, attorney or agent of FHLB Des Moines or pledging institution.
- State or Political Subdivision (except as permitted for agency guaranteed loans).
- Depository or Nondepository financial institution

11. **Other Creditor and/or Shared Collateral Rights:** Not pledged to other creditor (e.g. Federal Reserve) or to FHLB Des Moines more than once. Does not share collateral with a loan or other obligation pledged to other creditor and/or not subject to the Bank's security rights via the APSA or other arrangements (e.g. rate swaps, syndications, etc...).

12. **Intent to Hold/Sell:** Not temporarily held with intention to sell in the near future unless pledged as 1-4 Family First Mortgage Held for Sale.

13. **General Compliance:** Complies with all applicable laws, regulations and FHLB Des Moines policies & procedures.

14. **Transferability:** Does not include restrictions limiting transferability or assignability to potential holders in due course.

15. **Borrowing Authority:** Borrowing authority, existence and good standing is executed and evidenced. Loan executed on behalf of other person/entity evidences valid Power of Attorney authorization.

16. **Active Status:** Not paid off, sold or matured prior to the Collateral Reporting Date. Not originated or acquired after Collateral Reporting Date.

17. **Fraud:** Not fraudulent and does not contain unexplained evidence of fraud.

18. **File Existence:** Loan file is available for review by FHLB Des Moines collateral review personnel.

19. **Market Pricing:** If market priced for advance capacity, all required data elements are provided.

20. **Private Transfer Fees:** Not secured by property encumbered by non-excepted private transfer fee (FHFA Reg. 1228).

21. **Large Balance:** Loans with UPB > \$200,000,000 are capped at \$200,000,000 UPB.

22. **Reported Balance:** Reported UPB reflects remaining principal due per loan's payment history as of day of reporting. For participation loans, reported principal balance is net UPB ownership by pledgor.

23. **Servicing:** Serviced according to the loan's contractual requirements.

24. **Debt Service Coverage Ratio (DSCR):** For Commercial Real Estate and Multi-Family loans/lines of credit pledged by members executing the following APSA types:

- Non-Blanket APSA: All Loans
- Blanket APSA: UPB (or credit lines) \geq \$5,000,000

File evidences:

- DSCR \geq 1.0x based on the fully amortizing payment supported by actual property net operating income (NOI) and rent rolls not > 18 months from reporting date. Proforma NOI based on executed leases and/or rent rolls that demonstrate a DSCR \geq 1.0x acceptable for newly originated loans for up to 18 months following first operating calendar year end. DSCR based on actual NOI required thereafter.
- DSCR (denominator) also includes debt service on superior or pari-passu loans/lines.
- For non-amortizing loans/lines, DSCR based on property NOI divided by an amortizing payment equivalent with term no more than 40 years.

25. **LIBOR Indexed Collateral:** LIBOR indexed loans originated after December 31, 2021 are not eligible. For all other LIBOR indexed loans, on and after July 1, 2023, loan accounting system documentation reflects the loan’s new contractual index aligned with existing note fallback language, Federal Reserve Board selected benchmark replacement, or borrower executed modification.
26. **Repayment Ability Analysis:** For members with a borrowing capacity of 20% of assets or less, the file evidences borrower’s ability to repay; where lacking, the loan is ineligible for two years following origination.

Qualifying Loan-to-Value (QLTV): FHLB Des Moines determines a loan's eligibility in part based on a qualifying loan-to-value calculation. Only collateral properties meeting Bank criteria for security interest perfection, lien verification and collateral attributes as found in the Eligibility Checklists are provided qualifying value. The maximum QLTV for a given loan type is identified in the applicable Eligibility Checklist.

QLTV is a total loan-to-value calculation based on (i) the loan's UPB (or credit line if line of credit) plus (ii) the UPB (or credit line) of loans/lines with explicit cross collateralization or with shared payment rights (i.e. pari passu) plus (iii) the UPB (or credit line) of superior loans/lines (for portfolios where junior lien collateral loans are permitted) divided by the sum of the value of collateral property(s) meeting eligible collateral criteria.

Notwithstanding the eligibility criteria in these checklists, FHLB Des Moines reserves the right to adjust such criteria and/or decline or otherwise limit lendable value to any loan, or portfolio of loans for which the saleable value of the loan(s) is uncertain, for reasons including but not limited to borrower repayment ability, loan collateral value, legal and regulatory compliance, servicing propriety, or uncertain or otherwise unrealizable value of any credit enhancement including private mortgage insurance or government and/or agency insurance or guarantee.