



**ELIGIBLE MEMBER COLLATERAL REQUIREMENTS**

This Checklist summarizes Eligible Member Collateral requirements found in Collateral Procedures: Section 2. These requirements are General Eligibility matters affecting all loan collateral pledged to FHLB Des Moines (except FFELP Loans). This checklist supplements individual loan collateral type eligibility checklists.

GE	GENERAL ELIGIBILITY	YES	NO
1.	<b>Note Originality:</b> Original physical paper note, modifications and extensions are available for FHLB Des Moines review.		
	<ul style="list-style-type: none"> <li>Loans with scanned or imaged copies of paper notes, lost or destroyed notes, or notes with electronic and/or facsimile signatures are not eligible.</li> </ul>		
2.	<b>Note Ownership:</b> Note is payable to pledgor or payable via signed endorsement.		
3.	<b>Interest Capitalization:</b> Note does not permit and unpaid principal balance (UPB) does not include capitalized interest.		
4.	<b>Government Guarantee:</b> Not guaranteed by the U.S. Government or its agencies unless pledged in a collateral type requiring such guarantee.		
	<ul style="list-style-type: none"> <li>SBA guaranteed loans may be pledged as Commercial Real Estate or Secured Business Loans 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).</li> </ul>		
5.	<b>Loan Type Limitations:</b> 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.	<b>Construction:</b> Not secured by property under construction unless pledged as 1-4 Family Construction loan collateral.		
7.	<b>Payment Status:</b> Not more than 90 days past due, on non-accrual, in foreclosure, charged-off, or borrower in/filing bankruptcy. For HELOC, 1-4 Family Home Equity, 1-4 Family First Mortgage Construction, Commercial Real Estate LOC, Multi-Family LOC, Secured Business LOC and Secured Agri-Business LOC of Credit collateral, loan is not more than 30 days past due. For HECM loans with payments due (if any), loan is not more than 30 days past due. (For HECMs, T&I must be current).		
8.	<b>Participation:</b> 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% participation purchase is a participation interest).		
9.	<b>Classification:</b> Not classified substandard, doubtful or loss either internally or by a regulator.		
10.	<b>Obligor Limitations:</b> Borrowers, Obligors and/or Guarantors are not any of the following:		
	<ul style="list-style-type: none"> <li>An employee, officer, director, attorney or agent of FHLB Des Moines or pledging institution.</li> <li>Company controlled by an employee, officer, director, attorney or agent of FHLB Des Moines or pledging institution.</li> <li>State or Political Subdivision (except BIA guaranteed loans to tribal councils).</li> <li>Depository or Nondepository financial institution</li> </ul>		
11.	<b>Other Creditor:</b> Not pledged to other creditor (e.g. Federal Reserve) or to FHLB Des Moines more than once. Does not share collateral with loan pledged to other creditor.		

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. **Self Directed IRAs:** Loans to Self Directed IRAs include signed application indicating intent, approved custodian organizational documentation, signed acknowledgment disclosure and approval by IRA holder.
17. **Active Status:** Not paid off, sold or matured prior to the Collateral Reporting Date. Not originated or acquired after Collateral Reporting Date.
18. **Fraud:** Not fraudulent and does not contain unexplained evidence of fraud.
19. **File Existence:** Loan file is available for review by FHLB Des Moines collateral review personnel.
20. **Market Pricing:** If market priced for advance capacity, all required data elements are provided.
21. **Private Transfer Fees:** Not secured by property encumbered by non-excepted private transfer fee created on or after February 8, 2011 (FHFA Reg. 1228).
22. **Single Property:** For loans with UPB  $\geq$  \$200,000,000, loan is not secured by a single property (FHLB Des Moines accepts but will not provide Advance Equivalent value on UPB exceeding \$200,000,000).
23. **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.
24. **Servicing:** Serviced according to the loan's contractual requirements.


**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.

- For first mortgage loans with a UPB  $\geq$  \$10,000,000, the QLTV includes the UPB (or credit line if line of credit) of any junior mortgage loans and/or mezzanine financing.

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.