



SECURED AGRI-BUSINESS LOANS

This Eligibility Checklist assists pledgors who have executed the appropriate Advances, Pledge and Security Agreement in determining eligibility of loans for pledging to FHLB Des Moines. A "NO" answer indicates the loan is not eligible under FHLB Des Moines guidelines.

GE	GENERAL ELIGIBILITY	YES	NO
	The requirements of this checklist are <u>specific</u> to the collateral type shown above. Additional Eligible Member Collateral requirements common to pledged loan collateral are identified in <u>Collateral Procedures</u> and the <u>General Eligibility Checklist</u> . The preparer should have familiarity with all eligibility guidance prior to proceeding with eligibility determination via this checklist.	<input type="checkbox"/>	<input type="checkbox"/>

PN	PROMISSORY NOTE	YES	NO
	1. Note Execution: Executed with proper signatories and capacities as authorized by any applicable borrowing resolution/other authority.	<input type="checkbox"/>	<input type="checkbox"/>
	2. Loan Terms: For amortizing loans, note matures and requires principal & interest payments to amortize the loan within a 30 year term or less. For non-amortizing loans, note matures less than 13 months. For non-amortizing loans, maturity up to 60 months is permitted if file documents annual credit review. <ul style="list-style-type: none"> • Term is measured from first payment following origination or last modification (or one month following origination or last modification for at maturity payment loans). 	<input type="checkbox"/>	<input type="checkbox"/>
	3. Disbursement: Loan is fully disbursed and non-revolving.	<input type="checkbox"/>	<input type="checkbox"/>
	4. Participation: Loan is not participated or a participation interest.	<input type="checkbox"/>	<input type="checkbox"/>

SI	SECURITY INSTRUMENT: Mortgage (or Deed of Trust) and/or Security Agreement	YES	NO
	1. Security Instrument Existence: Note is secured with an unexpired mortgage/security instrument with applicable UCC filings recorded in the proper jurisdiction. Recorded mortgage/UCC filings or copies are in file. Loan disbursements are supported by the security instrument type (e.g. closed end, future advance).	<input type="checkbox"/>	<input type="checkbox"/>
	2. Note Security: Security Instrument (or collateral property) is linked/cited security for subject note.	<input type="checkbox"/>	<input type="checkbox"/>
	3. Secured Party Citation: Security Instrument directly cites member (or pledgor on behalf of member) as secured party or via recorded assignment.	<input type="checkbox"/>	<input type="checkbox"/>
	4. Instrument Execution: Security Instrument is properly executed and acknowledged: <ul style="list-style-type: none"> • By all title holders/owners of record including spouses if required by state law (fractional or undivided interests not acceptable). If title is vested in a former name, affidavit of identity or similar notation on mortgage required. • Non-natural persons: Executed by and in proper capacity(s) per authorizing documentation. • 3rd Party Pledge/Secured Guarantee/Hypothecation Agreement: Executed by and in proper capacity(s) and acknowledged as security for subject loan or borrower. • Mortgage notarized acknowledging signers in proper capacity. 	<input type="checkbox"/>	<input type="checkbox"/>
	5. Secured Debt Amount: Amount equals or exceeds loan's current unpaid principal balance (UPB).	<input type="checkbox"/>	<input type="checkbox"/>
	6. Assumptions: For real estate assumptions, executed assumption agreement is recorded.	<input type="checkbox"/>	<input type="checkbox"/>

LV	LIEN VERIFICATION	YES	NO
	1. Lien Search Existence: Real Estate: File contains a title policy, attorney's opinion, O&E/title report, or detailed internal lien search. UCC Chattel: File contains a UCC lien search. Non-UCC Chattel: File contains acknowledgment of security interest from licensing authority or account holder. Collateral perfected via possession is also acceptable.	<input type="checkbox"/>	<input type="checkbox"/>

2. **Lien Search Date and Quality:** Lien search is dated on or after recording date and confirms: Execution by all titleholders, legal description of encumbered property, recordation, and lien position (lien search must assess all potential prior liens).

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- **Loans originated within six months of Collateral Reporting Date:** File evidences at a minimum, a pre-closing lien search while required post-closing lien search is pending.
- **Loans with UPB ≤\$100,000:** Post closing lien search not required for real estate security. In lieu, file contains a pre-closing title policy, attorney's opinion, O&E or detailed internal lien search dated no more than 60 days prior to mortgage date.

3. **Lien Position:** Lien search and/or acknowledgment cite subject chattel security interest as first lien. Lien search cites mortgage as first or second lien:

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- **Prior Liens:** If lien search does not cite subject security in requisite lien position, file contains recorded satisfactions, subordinations, releases or title insurance endorsement.
 - Property must not be subject to unreleased prior nonmortgage liens or unsubordinated contracts.
 - For loans without post closing lien search if permitted per LV.2 above (i.e. Loans originated within six months of Collateral Reporting Date and UPB ≤\$100,000), pay-off documentation of prior liens ensuring requisite lien position is acceptable to demonstrate prior lien satisfaction.
- **Property Taxes/Other Subsequent Liens:** Taxes and assessments not past due one year or more. Security Interest not subordinated to Property Assessed Clean Energy (PACE) or other liens.
- **Prior Ground Leases:** Mortgages primed by ground lease not eligible unless recorded ground lease subordination or Non-Disturbance and Attornment Agreement executed by lessor.
- **Leasehold Mortgage:** File evidences lessor consent, leasehold interest property valuation and lease maturity equal ≥ note maturity. Assignments of leasehold interests are not eligible.

CV	COLLATERAL CONDITION, PURPOSE and VALUATION	YES	NO
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1. **Collateral Property Type, Purpose and Conditions:** Loan is for agricultural operational or production purposes. Collateral property is located in the U.S. or its territories.

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- Loan is not solely secured by real estate.
- **Condition/Use/Occupancy:** Property is not deteriorated, contains unremediated recognized environmental conditions or used (including via leasing rights) for matters which imperil value or encumbrance. Use is lawfully permissible by all federal, state and local regulations. Property (real estate) is not currently vacant.
- **Property Insurance:** Loans with UPB ≥ \$5,000,000, file evidences property insurance for benefit of pledgor with coverage sufficient for the improved property.
- **Ineligible Property Type:** Not financial institution stock, raw land or land in development or other ineligible collateral type listed in Collateral Procedures: Section 2.2.

2. **Valuation Existence and Requirements:** File evidences property valuation (e.g. appraisal, broker's opinion, assessed valuation for property taxes, real estate purchase agreement with the member's documented confirmation of fair market value, documented internal property evaluation, invoice or borrower financial statement) indicating value of the legally encumbered property. The valuation must comply with regulatory requirements as applicable.

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- **Newly constructed properties:** Verification of construction completion to original plans and specs.
- **Subsequent partial releases:** File evidences remaining collateral value.

3. **Qualifying LTV:** ≤100% (see General Eligibility Checklist for QLTV definition).

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Loan is eligible for pledging as Secured Agri-Business Loan collateral:	YES	NO
Completed By/Date:		