



FHA HOME EQUITY CONVERSION MORTGAGE 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: Terms comply with the requirements of FHA's policy guidelines. Loan contains no prepayment penalty.	<input type="checkbox"/>	<input type="checkbox"/>
	3. Disbursement: Loan is disbursed or being disbursed in accordance with loan terms and/or other FHA criteria.	<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 recorded in the proper jurisdiction. Recorded mortgage or a copy of is 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: Mortgage (or collateral property) is linked to/cited as security for subject note.	<input type="checkbox"/>	<input type="checkbox"/>
	3. Secured Party Citation: Mortgage 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: Mortgage 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. • Borrower is title holder of record. • 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 assumed loans (if permitted by agency), executed assumption agreement is recorded.	<input type="checkbox"/>	<input type="checkbox"/>

LV	LIEN VERIFICATION	YES	NO
	1. Lien Search Existence: Evidenced lien search of the encumbered property (e.g. title policy, attorney's opinion, O&E/title report, or detailed internal lien search).	<input type="checkbox"/>	<input type="checkbox"/>
	2. Lien Search Date and Quality: Lien search is <u>dated on or after recording date</u> and confirms: Execution by all titleholders, legal description of encumbered property, recordation, and lien position (lien search must assess all potential prior liens).	<input type="checkbox"/>	<input type="checkbox"/>

- **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.

3. **Lien Position:** Lien search cites subject mortgage as **first** lien:

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- **Prior Liens:** If lien search does not cite subject mortgage as first lien, file documents recorded satisfactions, subordinations, releases or title insurance endorsement ensuring a first lien position.
 - 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), 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 \geq note maturity. Assignments of leasehold interests are not eligible.

CV	COLLATERAL CONDITION, PURPOSE and VALUATION	YES	NO
1.	Collateral Property Type, Purpose and Conditions: Secured by a habitable, four season 1-4 family dwelling(s) located in the U.S. or its territories used for residential purposes. <ul style="list-style-type: none"> • Manufactured Homes: Pledged dwelling meets real property definition under applicable state law. • Mixed Use Property: Commercial value of dwelling (if any) \leq25% of total property value. • 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 is not currently vacant. • Property Insurance: File evidences property insurance for benefit of pledgor with coverage sufficient for the improved property. • Ineligible Property Type: Not type listed in <u>Collateral Procedures: Section 2.2.</u> 		
2.	Valuation Existence and Requirements: File evidences property valuation indicating value of the legally encumbered property in compliance with agency requirements. <ul style="list-style-type: none"> • Newly constructed properties: Verification of construction completion to original plans and specs. • Subsequent partial releases: File evidences remaining collateral value. 		
3.	Qualifying LTV: \leq 100% or as limited by the FHA (see General Eligibility Checklist for QLTV definition).		

AP	ANTI-PREDATORY LENDING	YES	NO
1.	Anti-Predatory Lending: Loan complies with <u>FHLB Des Moines Anti-Predatory Lending Policy.</u>		

GG	GOVERNMENT GUARANTEE	YES	NO
	1. Guarantee Existence: File contains a valid Mortgage Insurance Certificate with Case Number.		
	2. Borrower: At least 62 years old (based on youngest borrower); must reside in home at least half year as primary residence.		
	3. Financial Assessment: For HECMs originated after April 27, 2015, the file evidences: <ul style="list-style-type: none"> • Credit History Assessment. • Property Tax History showing no arrearages in prior 24 months. • No delinquent federal regulated debt or unpaid property liens from state or court ordered judgments not paid off at origination. • Residual Income Assessment based on verified income. 		

Loan is eligible for pledging as FHA Home Equity Conversion Mortgage collateral:	YES	NO
Completed By/Date:		