

PLEDGING NON-LEAD LENDER PARTICIPATION LOANS

FHLBank Topeka heard your request to expand the types of acceptable collateral to include non-lead lender participation loans. **We are pleased to announce that we will accept non-lead lender participation loans as eligible collateral effective with the filing of the December 31, 2009, Qualifying Collateral Determination (QCD) form.** We hope this addition to our Schedule of Eligible Collateral will make it easier for you to satisfy your regulatory liquidity requirements and to meet your funding needs.

QUICK FACTS ON PLEDGING

Non-lead lender participation loans qualify under these conditions:

- Secured by one-to-four family, multifamily, agricultural or commercial real estate loans.
- Both lenders are members of FHLBank Topeka.
- Both lenders execute an *FHLBank Participation Acknowledgement of Custody*.
- The non-lead lender executes an *FHLBank Participation Security Agreement*.

Also keep in mind:

- The assigned lending value is the wholly owned lending value minus 10%.
- These loans can be pledged in the Other category on the QCD form.

NON-LEAD LENDER PARTICIPATION LOAN LENDING VALUES (including reduction of 10%)	
One-to-four family loans	75%
Multifamily loans	35%
Agricultural real estate loans	55%
Commercial real estate loans	45%

Loans must meet applicable underwriting requirements.

LOAN DOCUMENTATION

During an onsite collateral review, FHLBank staff will need to confirm the existence of a Participation Agreement or Certificate that indicates the following:

- The participated percentage
- The principal, interest and losses are shared proportionally
- The participation is considered a “true sale” (purchased with no recourse)

Additionally, FHLBank recommends that you, the non-lead lender, have these items on file:

- Credit analysis of the loan performed by the non-lead lender
- Name of the loan servicer
- Current reports provided by the lead lender detailing loan specifics (i.e. balance, payment current status, etc.)

**Call Lending today at 800.809.2733 if you have questions
about this new collateral type.**