FHLBank Topeka periodically publishes this Member Products and Services Guide for its member financial institutions and housing associates in Colorado, Kansas, Nebraska and Oklahoma.

All forms referred to in this Guide are available on the Members Only section of FHLBank’s website unless otherwise stated.
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FHLBank Topeka is one of 11 Federal Home Loan Banks nationwide created by Congress in 1932. It operates as a cooperative, with all capital provided by its members.

FHLBank provides wholesale funding, related services and technical expertise to member commercial banks, thrifts, credit unions, insurance companies, community development financial institutions (CDFIs) and housing associates in Colorado, Kansas, Nebraska and Oklahoma.

FHLBank promotes housing, jobs and general prosperity by offering products and services that help our members provide affordable credit in their communities. Accordingly, FHLBank’s core business is to provide members and housing associates with funds for home mortgage financing, liquidity, asset/liability management and community development.

AUTHORITY
FHLBank draws on the following sources of authority to offer its programs:

— Statutory directives of the Federal Home Loan Bank Act;
— Regulations of the Federal Housing Finance Agency;
— FHLBank’s Member Products Policy adopted by FHLBank’s board of directors, which includes sections covering Credit, Collateral, Advance Pricing and Mortgage Partnership Finance;
— The Advance, Pledge and Security Agreement that each member or housing associate executes with FHLBank, which governs extensions of credit; and
— FHLBank’s capital plan

The information in this Guide is intended to be consistent with the above sources, but the actual statute, regulation or policy governs if a conflict occurs. The statutes, regulations and policies may be amended from time to time. Any amendments affecting the information in this Guide will be communicated to members and housing associates in a timely manner.

PRODUCTS AND SERVICES
FHLBank’s products, programs and services assist Tenth District members and housing associates in providing affordable credit in their local markets to support housing, small farms, small businesses and community development. FHLBank products and services are described in detail in this Guide.

ADVANCE NOTICE OF ELIMINATION OF CREDIT PRODUCT
FHLBank will provide members and housing associates at least a 30-day notice if a credit product will no longer be offered.
Line of Credit

The line of credit provides an alternative to Fed funds purchased, repurchase agreement borrowings and brokered deposits. This revolving line product is a short-term liquidity source established for a one-year term with automatic annual renewals.

TERMS AND CONDITIONS

LIMITATIONS
Line of credit draws, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. The minimum amount of each line of credit draw is $100,000.

REQUIRED DOCUMENTS
Line of Credit Application
To obtain a Line of Credit Application, visit the Members Only section of FHLBank’s website.

RATE
The rate reprices daily based on FHLBank’s cost of funds. The rate of interest applicable to each individual draw is established at the time of each funding request. At the beginning of each business day, all outstanding draws and balances from the previous day are combined and repriced to an interest rate based on FHLBank’s cost of funds.

Visit Members Only to view current rates.

INTEREST
All draws will be charged a minimum of one day’s interest. Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month. Interest is computed on an actual/360-day basis.

TERM
One year, with automatic annual renewals

PREPAYMENT OPTION
Prepayable anytime without a fee. Repayments are not accepted if funds have been drawn on the same day.

Principal repayments should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subject to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

RENEWAL/CANCELLATION
On its anniversary, each line of credit is automatically renewed by FHLBank for a one-year term.

Common Uses
Liquidity for unanticipated daily cash needs
Mortgage-banking operations
Allows for reduction of lower yielding assets held for liquidity purposes

Floating rate, non-amortizing, prepayable

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term unless the institution notifies FHLBank in writing to cancel the line of credit 30 days prior to the scheduled expiration date. All principal and interest outstanding under a line of credit is due and payable on the cancellation date.

**AVAILABILITY**
Draw and repayment requests may be made on the line of credit until 4 p.m. CT.
Short-term Fixed Rate Advances

The short-term fixed rate advance provides an alternative to local or brokered deposit markets for short-term funding.

**TERMS AND CONDITIONS**

**LIMITATIONS**
Short-term fixed rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. The minimum amount of a short-term fixed rate advance is $100,000.

**RATE**
The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

**PRINCIPAL AND INTEREST**
Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and at maturity.

Interest is computed on an actual/360-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

**TERM**
Three to 93 days

**PREPAYMENT OPTION**
Non-prepayable

**AVAILABILITY**
Short-term fixed rate advances may be requested until 4 p.m. CT.

**Common Uses**

- Unanticipated cash needs
- Alternative to Fed funds purchased, repurchase agreement borrowings and brokered deposits
- Mortgage banking operations
- Allows for reduction of lower yielding assets held for liquidity purposes

See 800.809.2733 for information about principal repayments, refer to the *Credit Guidelines* section of this Guide.
Regular Fixed Rate Advances

The regular fixed rate advance provides fixed maturity structures similar to certificates of deposit. However, unlike certificates of deposit, these advances provide a great deal of flexibility in establishing desired maturities.

Fixed rate, non-amortizing, prepayable with a fee

**Common Uses**
- Seasonal funding needs
- Construction loans
- Origination or purchase of fixed rate mortgages or securities
- Match funding of a specific asset or portfolio of assets
- Asset/liability and interest rate risk management
- View an example of Regular Fixed Rate Advance funding.

**TERMS AND CONDITIONS**

**LIMITATIONS**
Regular fixed rate advances, as with other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Fixed rate advances are also subject to FHLBank’s ability to obtain matching liabilities. The minimum amount of a regular fixed rate advance is $10,000.

**RATE**
The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit Members Only to view current rates.

**PRINCIPAL AND INTEREST**
Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date.

Interest is computed on an actual/360-day basis for original maturities of 12 months or less or on an actual/365(6)-day basis for original maturities greater than 12 months.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

**TERM**
94 days to 360 months

**PREPAYMENT OPTION**

**Regular Fixed Rate**
The prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to the advance being prepaid.

View an example of Regular Fixed Rate Advance funding.
If the reference rate is greater than the rate on the advance, no fee is charged.

An example of the prepayment calculation for fixed rate advances using this prepayment language is located in the Appendices of this Guide.

The following prepayment fee language will apply for advances with an embedded call option.

Regular Fixed Rate Callable
Prepayment is permitted in full or in part without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing nine business days prior to scheduled call dates.

If the callable advance is prepaid under circumstances and conditions other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date), and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity (next call date) and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.

AVAILABILITY
Regular fixed rate advances may be requested until 4 p.m. CT.
The symmetrical fixed rate advance provides members and housing associates with fixed-rate term funding with the contractual ability to realize a gain from the market movement of interest rates.

**TERMS AND CONDITIONS**

**LIMITATIONS**

Symmetrical fixed rate advances (SFAs), as with other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. SFAs are also subject to FHLBank’s ability to obtain matching liabilities. The minimum amount of a SFA is $2.5 million.

**RATE**

The fixed rate of interest is at a slight premium above the fixed rate advance for the same term. The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

**PRINCIPAL AND INTEREST**

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date.

Interest is computed on an actual/360-day basis for original maturities of 12 months or less or on an actual/365(6)-day basis for original maturities greater than 12 months.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

**TERM**

94 days to 360 months

**PREPAYMENT OPTION**

Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying swap used to hedge the advance that applies directly to the amount of the advance being prepaid) and equals the present value of the advance spread of 0.XX% (held constant over the remaining life of the advance) plus or minus the cost (plus) or benefit (minus)
resulting from the termination of the underlying swap used to hedge the advance. Any net benefit associated with prepayment will be paid by FHLBank and will be limited to 10 percent of the advance principal balance.

Note: If a new symmetrical advance is issued on the same day an outstanding symmetrical advance is prepaid, FHLBank will credit, against any prepayment fee owed by the borrower, the present value of the advance spread using the lower spread, lower principal amount and shorter remaining maturity of the two advances.

An example of the prepayment calculation for symmetrical fixed rate advances using this prepayment language is located in the Appendices of this Guide.

AVAILABILITY
Symmetrical fixed rate advances may be requested until 4 p.m. CT.
The forward settling advance (FSA) commitment protects against rising rates and is an attractive option when funding loans with a delayed disbursement. The advance under the FSA commitment will have all the features and prepayment characteristics of the advance type selected.

**TERMS AND CONDITIONS**

**LIMITATIONS**
Forward settling advance (FSA) commitments allow members to lock in a fixed rate advance that will settle up to 24 months in the future. As with all other credit transactions, advances taken under FSA commitments will be subject to the maximum amount of credit available upon the settlement date. Collateral and stock are not required until after the commitment expires and the advance settles. Please refer to the *Credit Guidelines* section of this Guide.

FSA commitments are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount required for an FSA bullet commitment is $10,000 and an amortizing commitment is $2.5 million. Terms on FSA bullet commitments less than $2.5 million are limited to 10 years.

**FEES**
The cost of the commitment will be incorporated into the interest rate established for the future advance tied to the FSA commitment.

**RATE**
The fixed rate of interest is typically at a premium above the fixed rate advance for the same term. The fixed rate of interest is for the term in accordance with the selected advance maturity and type.

Contact *Lending* for current rates.

**DISBURSEMENT OF FUNDS**
Advance funds will be disbursed only on the FSA commitment’s scheduled expiration date, only if the member or housing associate fully complies with all applicable FHFA regulations and the *Credit Guidelines* identified in this Guide. Failure to disburse the funds under the FSA commitment for any reason will result in the member or housing associate being charged a termination fee.

**COMMITMENT TERMINATION FEE**
If for any reason, the FSA commitment is not disbursed in its full amount, a termination fee will be charged. The termination fee will be determined by FHLBank, in its discretion, to be suffi-
cient to make FHLBank financially indifferent to the termination, taking into account the present value of the spread on the committed advance (assuming the spread at the time of termination remains constant throughout the expected life of the committed advance) and FHLBank’s cost or benefit resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the committed advance, but the fee shall not be less than $100.

ADVANCE PREPAYMENT OPTION
Prepayable in full (but not in part unless FHLBank is able to terminate the portion of its interest rate exchange agreement(s) that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the advance, but the fee shall not be less than $100.

ADVANCE TERM
Regular fixed-rate (bullet) advances: 94 days to 360 months (less than $2.5 million are limited to 10 years)

Amortizing fixed-rate advances: 12 to 360 months

AVAILABILITY
Generally, requests for FSA commitments should be made before noon CT.
Callable Advances

The callable advance provides the flexibility to prepay without a fee at specific intervals throughout the life of the advance. It provides protection against prepayment risk and offers the flexibility to restructure liabilities if necessary.

**TERMS AND CONDITIONS**

**LIMITATIONS**
Callable advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Callable advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount of a callable advance is $10,000.

Callable advances can be regular fixed rate, amortizing fixed rate or adjustable rate.

**RATE**
The fixed or adjustable rate of interest is for the term in accordance with the selected advance maturity.

Visit Members Only to view current rates.

**PRINCIPAL AND INTEREST**
Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances. For adjustable rate advances, interest is computed based on the industry standard day basis for the index selected. For example, the London Interbank Offered Rate (LIBOR*) is computed on an actual/360-day basis, whereas a Treasury bill is computed on an actual/365(6)-day basis. Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

**TERM**
Fixed Rate: 12 to 360 months
Adjustable Rate: 4 to 180 months

**PREPAYMENT OPTION**
See specific advance type for prepayment of advances that include a call option.

**AVAILABILITY**
Callable advances may be requested until 4 p.m CT.

* In the event that LIBOR is suspended or unreliable, FHLBank may substitute an alternative benchmark index or adjust the spread to maintain the current yield or make the new rate economically neutral. FHLBank will provide the member notice as soon as practically possible and the effective date of any substitutions, adjustments or other changes.
The member option advance provides the flexibility to prepay without a fee at specific intervals throughout the life of the advance. It provides protection against prepayment risk and offers the flexibility to restructure liabilities if necessary.

**TERM AND CONDITIONS**

**LIMITATIONS**

Member option advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the [Credit Guidelines](#) section of this Guide. Member option advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount of a member option advance is $2,500,000.

**RATE**

The fixed rate of interest is for the term in accordance with the selected advance maturity. The member option is priced at a discount (typically 24 basis points), which is amortized by the member over the life of the advance. The discount is applied at the time the advance is issued and reduces the amount of the funding provided (principal) to the member.

Call the **Lending Desk** to receive current rates.

**PRINCIPAL AND INTEREST**

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the [Fees](#) section of this Guide.

For information about principal repayments, refer to the [Credit Guidelines](#) section of this Guide.

**TERM**

Fixed Rate: 12 to 360 months

**PREPAYMENT OPTION**

Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying interest rate swap used to structure the advance that applies directly to the amount of the advance being prepaid) without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing three business days prior to scheduled call dates.

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**Common Uses**

- Seasonal funding needs
- Origination or purchase of fixed rate mortgages or securities
- Match funding of a specific asset or portfolio of assets
- Asset/liability and interest rate risk management

**Contains options that allow for prepayment without a fee**

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Continued on next page
If the advance is prepaid under circumstances and conditions other than as outlined above, the advance may be prepaid in full (but not in part unless FHLBank is able to terminate the portion of its underlying interest rate swap used to structure the advance that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the advance, but the fee shall not be less than $100.

AVAILABILITY
Member option advances may be requested until 4 p.m. CT.
Amortizing Fixed Rate Advances

The amortizing fixed rate advance is structured to fund mortgages, commercial loans or similar assets. Principal payment streams may be structured to meet practically any funding need.

Fixed rate, amortizing with predetermined principal payments

Common Uses

- Construction loans
- Origination or purchase of fixed rate mortgages or securities
- Match funding of a specific asset or portfolio of assets
- Asset/liability and interest rate risk management

View examples of Amortizing Fixed Rate Advance funding.
- Match Funding
- Short Funding
- Blended Funding

TERMS AND CONDITIONS

LIMITATIONS

Amortizing fixed rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Amortizing fixed rate advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount of an amortizing fixed rate advance is $10,000.

RATE

The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit Members Only to view current rates.

AMORTIZATION

Principal payments may be amortized on a monthly, quarterly, semiannual or annual basis, or any predetermined fixed schedule of payments, with or without a balloon payment. Constant prepayment rates may be embedded into the principal payment streams. The amortization of payments is determined at the time of the request and cannot be changed once funds are disbursed.

PRINCIPAL AND INTEREST

Principal payments will be collected on the first business day of the month based upon the principal payment schedule selected. The final principal payment will be collected at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

TERM

12 to 360 months

PREPAYMENT OPTION

Amortizing Fixed Rate
Prepayment is permitted in full (but not in part) with a fee. The prepayment fee equals the present value (discounted at the reference rate) of the

Continued on next page
difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows which would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

An example of the prepayment calculation for amortizing fixed rate advances using this prepayment language can be found in the Appendices of this Guide.

The following prepayment fee language will apply for advances with an embedded call option.

Amortizing Fixed Rate Callable
Prepayment is permitted in full without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing nine business days prior to scheduled call dates.

If the advance is prepaid other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date) and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows which would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity (next call date) and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

AVAILABILITY
Amortizing fixed rate advances may be requested until 4 p.m. CT.
Adjustable Rate Advances

The adjustable rate advance is structured to fund variable rate assets, thereby reducing the repricing and basis risk associated with certain transactions. In addition, these advances often correlate to an institution’s internal cost of funds and can complement retail deposits.

**Common Uses**
- Home equity loans
- Origination or purchase of adjustable rate mortgages or securities
- Asset/liability and interest rate risk management

**TERMS AND CONDITIONS**

**LIMITATIONS**
Adjustable rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Adjustable rate advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount of an adjustable rate advance is $10,000.

**RATE**
Rates are determined by adding (subtracting) the appropriate spread to (from) the actual index yield at the time of the borrowing. The advance rate is adjusted at intervals based on the index selected. Common indices include the London Interbank Offering Rate (LIBOR) and the Secured Overnight Financing Rate (SOFR)* and FHLBank’s short-term fixed rate advances.

Visit *Members Only* to view current rates.

**PRINCIPAL AND INTEREST**
Principal is due at maturity.
Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed based on the industry standard day basis for the index selected. For example, both LIBOR- and SOFR-indexed advances have interest computed on an actual/360-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

* In the event that LIBOR or SOFR is suspended or unreliable, FHLBank may substitute an alternative benchmark index or adjust the spread to maintain the current yield or make the new rate economically neutral. FHLBank will provide the member notice as soon as practically possible and the effective date of any substitutions, adjustments or other changes.

Continued on next page
Available terms are based on FHLBank’s ability to raise matching funds and currently include the following.

<table>
<thead>
<tr>
<th>Index</th>
<th>Minimum Term</th>
<th>Maximum Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIBOR</td>
<td>4 Months</td>
<td>Maturity not to extend beyond Dec. 31, 2021</td>
</tr>
<tr>
<td>SOFR</td>
<td>4 Months</td>
<td>24 Months</td>
</tr>
</tbody>
</table>

**PREPAYMENT OPTION**

**Adjustable Rate**
Prepayment is permitted in full or in part. Prepayment permitted on rate reset dates with one business day notice and equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate is the effective yield of a similarly indexed advance having the closest remaining maturity to the advance being prepaid on the date of prepayment. If the reference rate is greater than the rate on the advance, no fee is charged.

An example of the prepayment calculation for adjustable rate advances using this prepayment language is located in the Appendices of this Guide.

**Adjustable Rate Callable**
Prepayment is permitted in full or in part without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing one business day prior to scheduled call dates.

If the advance is prepaid other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date), assuming
the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate is the effective yield of a similarly indexed advance having the closest remaining maturity (next call date) to the advance being prepaid on the date of prepayment. If the reference rate is greater than the rate on the advance, no fee is charged.

Advances issued with an advance rate tied to the FHLBank’s Short-Term Advance rate are prepaid on rate reset dates only.

AVAILABILITY
Adjustable rate advances may be requested until 4 p.m. CT.
Convertible Advances

The convertible advance typically offers an attractive fixed rate of interest in exchange for granting FHLBank the option to convert the advance at specific intervals to an adjustable rate advance on a predetermined date(s) before maturity.

The option to convert the advance is solely at the discretion of FHLBank. Once FHLBank exercises its option to convert, the resulting adjustable rate advance may be prepaid without a fee on the conversion date and on any reset date thereafter.

TERMS AND CONDITIONS

LIMITATIONS
Convertible advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Convertible advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount required for a convertible advance is $2.5 million. Members or housing associates with smaller funding requests may obtain convertible advances by participating in FHLBank’s periodically advertised special advance offerings.

In addition, members and housing associates are limited to 25% of total assets (admitted assets for insurance company members) in convertible and structured advances. Assets are based on the most recent quarterly filings with the institution’s regulatory agency. Exceptions require the pre-approval of FHLBank senior management.

RATE
In exchange for selling an option (European) or a strip of options (Bermudan) to FHLBank, the advance is priced below the rate for a fixed rate advance with the same maturity. These options allow FHLBank, after the predetermined lockout period, to convert the advance to a prepayable adjustable rate advance that is priced at a predetermined index agreed upon at the time of the initial funding request for the remaining term of the advance.

Visit Members Only to view current rates.

FHLBANK OPTION
A European option (single option) allows FHLBank to convert the advance to a prepayable adjustable rate advance after a predetermined lockout period. A Bermudan option (strip of options) allows FHLBank to convert the advance to a prepayable adjustable rate advance after a predetermined lockout period and quarterly thereafter. Convertible advances can also be structured with “indexed knockouts” where the rate conversion is based solely on whether a
published index (generally three-month LIBOR or LIBOR alternative) is at or above a certain level on the possible conversion date(s). FHLBank will provide written notification two business days prior to an advance being converted.

BORROWER OPTION
On the date FHLBank exercises its conversion option, the borrower has the option to prepay the new adjustable rate advance. The borrower will have the option to prepay the adjustable rate advance at each reset date prior to maturity.

PRINCIPAL AND INTEREST
Principal is due at maturity.
Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/360-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

TERM
12 to 180 months

PREPAYMENT OPTION
Convertible advances issued in amounts of less than $2.5 million: Non-prepayable until FHLBank exercises its option to convert the advance to an adjustable rate advance. Thereafter, prepayment will be permitted in full or in part on the date FHLBank exercises its conversion option and on any subsequent adjustable rate reset date as long as FHLBank is notified in writing one business day before prepayment.

FHLBank may waive the non-prepayment clause, in its reasonable discretion if FHLBank is able to terminate the portion of its interest rate swap that applies directly to the amount of the advance being prepaid. If FHLBank allows the advance to be prepaid, the advance may be prepaid in full (but not in part) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from the termination of the underlying interest rate swap used to structure the advance, but the fee shall not be less than $100.
Convertible advances issued in amounts of $2.5 million or more: At any time before FHLBank exercises its conversion option, this advance may be prepaid in full (but not in part unless FHLBank is able to terminate the portion of its interest rate swap that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination of the underlying interest rate swap used to structure the advance, but the fee shall not be less than $100.00.

At any time after FHLBank exercises its conversion option, this advance may be prepaid in full or in part, without a fee, on the initial rate reset date and on any subsequent adjustable rate reset date, as long as FHLBank is notified in writing at least one business day before prepayment.

AVAILABILITY
Convertible advances may be requested until 3 p.m. CT.

Special Notice
The convertible advance has a complex risk profile and may be an unsuitable funding vehicle for some members or housing associates. Because of the embedded option(s), a convertible advance is inherently more risky than a regular fixed rate advance in terms of interest rate risk. Prudent use of a convertible advance requires risk evaluation of both the convertible advance and the cumulative effect of the convertible advance on an institution’s overall risk profile. This information is not intended to be investment advice. The decision to obtain a convertible advance and understanding how it fits into an institution’s financial or business strategy remains the institution’s responsibility. Members and housing associates may be required to execute a convertible advance disclosure statement when applying for a convertible advance.
The structured advance is an advance with an embedded cap, floor or collar that can help offset changes in interest rates. Options embedded in advances also help avoid ASC 815 (formerly FAS 133) issues.

**Common Uses**
- Asset/liability and interest rate risk management

**TERMS AND CONDITIONS**

**LIMITATIONS**
Structured advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Structured advances are also subject to FHLBank’s ability to obtain matching liabilities or hedging instruments. The minimum amount required for a structured advance is $2.5 million. Members or housing associates with smaller funding requests may obtain structured advances by participating in FHLBank’s periodically advertised special advance offerings.

In addition, members and housing associates are limited to 25% of total assets (admitted assets for insurance company members) in convertible and structured advances. Assets are based on the most recent quarterly filings with the institution’s regulatory agency. Exceptions require the pre-approval of FHLBank senior management.

**RATE**
The rate of interest is for the term in accordance with the selected advance maturity.

Contact Lending for current rates.

**PRINCIPAL AND INTEREST**
Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances.

For adjustable rate advances, interest is computed based on the industry standard day basis for the index selected. For example, the London Interbank Offered Rate (LIBOR*) is computed on an actual/360-day basis, whereas a Treasury bill is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the Credit Guidelines section of this Guide.

* In the event that LIBOR is suspended or unreliable, FHLBank may substitute an alternative benchmark index or adjust the spread to maintain the current yield or make the new rate economically neutral. FHLBank will provide the member notice as soon as practically possible and the effective date of any substitutions, adjustments or other changes.

Continued on next page
Structured Advances

Continued

TERM
12 to 180 months

PREPAYMENT OPTION
Prepayable in full (but not in part unless FHLBank is able to terminate the portion of its interest exchange agreement(s) that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the advance, but the fee shall not be less than $100.

AVAILABILITY
Structured advances may be requested until 3 p.m CT.
Letters of Credit

A letter of credit provides an attractive alternative to using traditional collateral for various transactions. FHLBank’s high credit rating ensures wide acceptance of a letter of credit for multiple purposes, including security for public unit deposits.

**TERMS AND CONDITIONS**

**LIMITATIONS**

FHLBank may issue or confirm a standby letter of credit on behalf of members and housing associates for the following purposes:

— To assist in facilitating residential housing finance;

— To assist in facilitating community lending as defined in 12 C.F.R $1269.2(a)(2) that is eligible for any of FHLBank’s Community Investment Cash Advance (CICA) programs;

— To assist with asset/liability management; and

— To provide liquidity or other funding.

A letter of credit, as with other credit transactions, is subject to the maximum amount of credit available. Refer to the Credit Guidelines section of this Guide.

**TERM**

Generally, the term of a letter of credit is one year. However, the term may be extended at FHLBank’s discretion based upon the maturity of the underlying obligation. A letter of credit will not be issued for a term exceeding 120 months unless the letter of credit is issued to support a derivative transaction, specifically an interest rate swap. Once the letter of credit is issued, it will remain in effect until the stated maturity date, unless all parties, including the beneficiary, agree in writing to an earlier termination.

**COLLATERAL**

A letter of credit must be fully collateralized at the date of issuance and at all times thereafter.

**REQUIRED DOCUMENTS**

Letter of Credit Agreement
Standby Irrevocable Letter of Credit Application

A Letter of Credit Agreement must be executed, which covers all letters of credit. This continuing agreement sets forth the terms, conditions and procedures authorized by FHLBank. A separate application must be submitted for each letter of credit, listing the beneficiary, purpose and other
Letters of Credit

Continued

special instructions. To obtain these required documents, visit the Members Only section of FHLBank’s website.

FEES
FHLBank will charge 1/8% per annum or a minimum of $125 for simple and straightforward arrangements on a letter of credit. A fee of 1/4% per annum or a minimum of $500 will be charged for confirming letters of credit where the purpose of the letter qualifies for facilitating community lending as defined in 12 C.F.R 1269.2(a)(2) (ex. enhancing a bond issue for moderate income housing or community development purposes). Fees for other letters of credit, specifically for enhancing bond issues, will be determined on a case-by-case basis. The minimum fee for these types of letters of credit will be 3/8% per annum or $500.

All fees will be prorated on an actual/365(6)-day basis for periods less than one year, subject to minimum fees. Institutions requesting a letter of credit in the amount of $5 million or more may elect to have the fee charged quarterly.

FHLBank will charge a $100 processing fee to the applicant for each draw on a letter of credit.

AVAILABILITY
Letter of credit requests may be made until 3:30 p.m. CT.
The standby credit facility (SCF) is a variable rate, non-amortizing, prepayable, revolving standby credit line that provides members with access to guaranteed funds after the normal funding window closes. The SCF provides protection against unforeseen liquidity needs by guaranteeing the availability of late-day funds.

**TERMS AND CONDITIONS**

**LIMITATIONS**

SCF draws, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide. Members and housing associates may request an SCF up to $250 million. FHLBank will limit the aggregate outstanding to all members and housing associates to $1 billion.

SCF draws must be requested by 4:30 p.m. CT. Funds will be made available promptly at the time of request. The minimum amount of each SCF draw is $100,000. The aggregate outstanding principal of draws on the SCF may not exceed the SCF amount.

SCF repayments must be made by 4 p.m. CT. One day's interest will be charged for any SCF payment (principal and interest) received by FHLBank after 4 p.m. CT.

**REQUIRED DOCUMENTS**

*Standby Credit Facility Application*

To obtain a Standby Credit Facility Application, visit the Members Only section of FHLBank’s website.

**RATE**

The rate of interest applicable to each individual SCF draw will be established at the current FHLBank line of credit rate at the time of the funding request. Any outstanding draws and balances from the previous day will be combined and repriced to an interest rate based on the opening FHLBank line of credit rate.

**INTEREST**

All draws will be charged a minimum of one day’s interest. Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and at maturity. Interest is computed on an actual/360-day basis.

**TERM**

Up to one year

**PREPAYMENT OPTION**

Subject to the time constraints identified under the Limitations section, SCF draws are prepayable without a fee. Repayments are not accepted.
if funds have been drawn on the same day.

COLLATERAL
Any draws on the SCF must be fully collateralized prior to disbursement and at all times thereafter.

TERMINATION EVENT
In the event FHLBank receives written notice from the institution’s primary regulator or federal insurer that the institution’s use of FHLBank advances has been prohibited, then FHLBank may immediately terminate this SCF at any time by providing the institution written notice of said termination by 11 a.m. CT. In such event all outstanding draws and balances, including all accrued interest, will be required to be repaid no later than 4 p.m. CT on the day said written notice is received by the institution.

FORCE MAJEURE
No party shall be liable for any failure to perform its obligations under the SCF where such failure is a result of acts of nature (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, hostilities (whether war is declared or not), terrorist activities, nationalization, government sanction or confiscation, labor dispute, strike, lockout, or interruption or failure of electricity or telephone service, as long as such party takes reasonable steps (under the circumstances) to minimize delay or damages.

FEES
FHLBank will charge a non-refundable fee of 0.125% per annum of the SCF amount or a minimum fee of $10,000.

AVAILABILITY
Requests to establish an SCF may be made until 3:30 p.m. CT.
FHLBank offers unsecured credit transactions, specifically the ability to purchase overnight Fed funds.

**TERMS AND CONDITIONS**

**ELIGIBILITY**

FHLBank members are eligible to obtain unsecured credit transactions.

**LIMITATIONS**

FHLBank members must: (1) exhibit capital equal to or greater than $100 million; (2) maintain an NRSRO rating of A or higher; and (3) be approved by FHLBank.

**RATE**

The fixed rate of interest is based on the overnight Fed funds market and is determined by FHLBank at the time of each funding request.

**PRINCIPAL AND INTEREST**

Principal and interest is collected the following business day. Interest is computed on an actual/360-day basis. Payments should be received by FHLBank no later than 4 p.m. CT.

**TERM**

Overnight

**AVAILABILITY**

Availability of an unsecured credit transaction is dependent on FHLBank’s cash position and is at the sole discretion of FHLBank. Requests may be made by contacting the Capital Markets department at 800.933.5427 from 8 a.m. to 5 p.m. CT (7 a.m. to 4 p.m. for customers in MT).
FHLBank Topeka’s deposit services help cushion your institution against unexpected problems and provide the assurance and protection you need. Customers can review account activity daily via the Members Only section of FHLBank’s website.

**TERMS AND CONDITIONS**

**ELIGIBILITY**
All FHLBank customers have access to FHLBank’s Demand Deposit service.

**REQUIRED DOCUMENTS**
- Deposit Agreement
- Resolution for Deposits
- Rules & Regulations Governing Deposit Accounts

**LIMITATIONS**
There are no minimum or maximum dollar limits.

**RATE**
Rate is set daily at a spread below the Fed funds rate earned by FHLBank.

Visit Members Only to view current rates.

**TERM**
Balances roll over daily.

**FEES**
Please refer to the Fees section of this Guide.

**AVAILABILITY**
Demand Deposit transactions may be made until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).

**Common Uses**
- Post advance proceeds, repayments and interest
- Post MPF Program loan acquisitions, repayments and interest
- Post wire transfers
- Post security safekeeping purchases, sales and principal and interest payments
- Post stock activity (i.e., purchases, dividends, redemptions)

800.809.2733
FHLBANK TOPEKA | 7/2020

OTHER SERVICES 34
FHLBank’s overnight deposit account provides excellent yield opportunities by allowing customers to invest excess liquidity. With FHLBank’s high credit rating, the overnight deposit account is a high-quality alternative to direct Fed funds placement providing a competitive interest rate.

Customers can submit transactions and review account activity daily via the Members Only section of FHLBank’s website.

**TERMS AND CONDITIONS**

**ELIGIBILITY**
All FHLBank customers have access to FHLBank’s Overnight Deposit service.

**REQUIRED DOCUMENTS**
- Deposit Agreement
- Resolution for Deposits
- Rules & Regulations Governing Deposit Accounts

**LIMITATIONS**
Overnight deposit transactions are made in multiples of $100,000.

**RATE**
Rate is set daily at a spread below the Fed funds rate earned by FHLBank.

Visit Members Only to view current rates.

**INTEREST**
Interest is computed on an actual/360-day basis and paid daily.

**TERM**
Balances roll over daily.

**AVAILABILITY**
Overnight Deposit transactions may be made until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).
FHLBank’s certificates of deposit product is a convenient, short-term investment that is often used as a pledging vehicle for advances or public unit deposits.

**TERMS AND CONDITIONS**

**ELIGIBILITY**
All FHLBank customers have access to FHLBank’s Certificates of Deposit service.

**REQUIRED DOCUMENTS**
- Deposit Agreement
- Resolution for Deposits
- Rules & Regulations Governing Deposit Accounts

**LIMITATIONS**
The minimum amount is $100,000.

**RATE**
The rate is established relative to FHLBank’s short-term cost of funds.

Visit *Members Only* to view current rates.

**INTEREST**
Interest is computed on an actual/360-day basis and paid at maturity.

**TERM**
Three to 360 days

**AVAILABILITY**
Certificates of Deposit may be requested until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).
FHLBank’s Wire Transfer services enable customers to access the Federal Reserve system for fund transfers, automated clearinghouse (ACH) applications, coin and currency and pass-through reserve processing. Wire Transfer requests are expedited through a direct computer interface via FHLBank’s account with the Federal Reserve Bank of Kansas City. This service eliminates a customer’s need to maintain a separate account with a Federal Reserve Bank. Customers can review same-day wire activity via the Members Only section of FHLBank’s website.

TERMS AND CONDITIONS

ELIGIBILITY
All FHLBank customers have access to FHLBank’s Wire Transfer services.

REQUIRED DOCUMENTS
Wire Transfer Authorization Form
ACH Authorization Form
Cash Services Application
Cash Services Authorization

To obtain these required documents, visit the Members Only section of FHLBank’s Website.

OTHER REQUIREMENTS
Each individual authorized by a customer will receive a “Personal Identification Number” (PIN). This PIN must be given prior to initiating wires.

WIRING INSTRUCTIONS
FHLB Topeka
ABA #101101947

Include Demand Deposit Account (DDA) number and name of institution to credit on wire.

FEES
Please refer to the Fees section of this Guide.

AVAILABILITY
Outgoing wire transfers may be requested until 5 p.m. CT.
FHLBank’s Financial Services department can safekeep all types of securities, offer security pledging, segregating and repurchase transactions, and serve as a depository for any securities pledged to public unit deposits. Besides the services outlined above, the Financial Services department also provides claim processing for the timely resolution of payments for principal and interest, maturities, calls or other transactions. Customers can review account activity and current holdings reports daily via the Members Only section of FHLBank’s website.

**TERMS AND CONDITIONS**

**ELIGIBILITY**

All FHLBank customers have access to FHLBank’s Safekeeping services.

**REQUIRED DOCUMENTS**

*Institutional Custody Agreement*

*Resolution for Custodial Services*

*Institutional Custody Authorization Form*

To obtain Safekeeping agreements and authorization forms, visit the Members Only section of FHLBank’s Website.

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**Security Delivery Instructions**

**Fed Book-entry**

Citibank NYC/Cust

ABA #021000089

Ref: FHLBank Topeka - A/C #087088

FFC: Institution Name and DDA #

**DTC Securities**

Citibank NA

DTC #0908

Agent Bank #27603

Institutional ID #29878

A/C FHLBank Topeka - A/C #087088

FFC: Institution Name and DDA #

**Physical Securities (Street Delivery)**

Citibank NA (908)

DTC New York Window

55 Water Street – 1st Floor

New York, NY 10041

Ref: FHLBank Topeka - A/C #087088

FFC: Institution Name and DDA #

**Physical Securities (through mail and overnight courier)**

Citibank NA

399 Park Ave, Level B Vault

New York, NY 10022

(Attn: Mr. Sam Smith for commercial paper)

(Attn: Mr. Keith Whyte for all other physicals)

Ref: FHLBank Topeka - A/C #087088

FFC: Institution Name and DDA #
FEES
The costs for Safekeeping services are reviewed periodically and are based on competitive factors. Please refer to the Fees section of this Guide.

AVAILABILITY
FHLBank’s Financial Services department must be notified of any security activity by noon, one business day prior to settlement. Notification may be made via fax, phone or email, with the exception of free deliveries. Notification of free deliveries must include an authorized signature, so the request may be made via fax or email with scanned document attached.
The Mortgage Partnership Finance® (MPF®) Program is a secondary market alternative for fixed rate mortgage loans available to FHLBank members and housing associates who apply and are approved to become a Participating Financial Institution (PFI). FHLBank offers traditional products that are held on balance sheet and non-portfolio products.

The traditional products are MPF Original and MPF 125. With these products, FHLBank purchases first lien, conventional one-to-four family residential mortgage loans from PFIs and manages the prepayment, liquidity and interest rate risk associated with the loans. The PFI manages the credit risk of the loans they sell to FHLBank while keeping the customer relationship local through originating and possibly servicing the loan. The traditional product options also include MPF Government for Federal Housing Administration/Veterans Affairs (FHA/VA), HUD Section 184 and RHS Section 502 loans. Because of the Government guarantee, PFIs retain no credit risk and receive no Credit Enhancement fees.

For sharing in the credit risk of the loans sold into the MPF Program, a PFI receives a Credit Enhancement fee over the life of the loan of up to 10 basis points against the unpaid principal balance of the loans, per annum, or via a one-time upfront fee determined by FHLBank and paid at the time the mortgage loan is purchased. Depending on the product option selected, the Credit Enhancement fee is either guaranteed or subject to the individual loan performance.

By sharing in the credit risk, a PFI is also required to maintain a Credit Enhancement obligation. The Credit Enhancement obligation is established based on the characteristics of loans sold into a master commitment pool in an amount that is determined at the discretion of FHLBank and subject to regulatory requirements. PFIs selling mortgage loans to FHLBank will be responsible for absorbing losses on the loans it sells up to a fixed Credit Enhancement obligation dollar amount. The PFI’s Credit Enhancement obligation falls in a hierarchy of credit coverage behind homeowner equity, mortgage insurance if applicable, and FHLBank’s First Loss Account (FLA).

FHLBank’s first-loss obligation is specified in each master commitment (loan contract). FHLBank absorbs loan losses for loans in the master commitment up to the balance of the FLA or in amounts that exceed a PFI’s Credit Enhancement obligation.

FHLBank also offers three non-portfolio products, MPF Government MBS, MPF Xtra and MPF Direct.

MPF Government MBS provides PFIs the oppor-
Mortgage Partnership Finance® Program

Continued

Mortgage Partnership Finance® (MPF®) is a registered trademark of the Federal Home Loan Bank of Chicago.

MPF Xtra provides PFIs the opportunity to sell first-lien, conventional one-to-four family mortgages. The credit risk associated with mortgage loans under MPF Xtra is transferred to the Federal National Mortgage Association (FNMA), and as a result, the PFI does not retain a Credit Enhancement obligation or receive Credit Enhancement fees. MPF Xtra 3D is a feature under the MPF Xtra product which provides down payment and closing cost assistance for creditworthy borrowers whose income, used for qualifying purposes, is at or below 80% of the Area Median Income (AMI) limits for purchase transactions.

MPF Direct provides PFIs the opportunity to sell jumbo loans to Redwood Trust, Inc. The credit risk associated with the jumbo loans is transferred to Redwood Trust, Inc., and as a result, the PFI does not retain a Credit Enhancement obligation or receive Credit Enhancement fees. FHLBank receives a counterparty fee from the end investor for facilitating the transaction.

MPF Xtra and MPF Government MBS allow the servicing of the mortgages to be retained by the PFI or released to an approved servicing aggregator. MPF Direct is servicing released only as the whole loan is sold to Redwood Trust, Inc.

TERMS AND CONDITIONS

ELIGIBILITY

Members and housing associates interested in participating in the MPF Program must apply to FHLBank to become a PFI. Suitability criteria include, but are not limited to the following:

— Satisfactory financial condition;
— Non-Performing Loans and REO ratios;
— Loan Loss Reserve ratios;
— Core Capital or Tier 1 Capital ratios;
— Risk-Based Capital ratios;
— Net Worth ratios;
— 1-4 residential loans percentages; and
— Satisfactory review of the member’s servicing, loan origination and investor reporting capabilities.

PRICING

MPF mortgage loan pricing is determined daily (intra-day) based on several factors that affect FHLBank’s ability to hold the loans that are sold into the MPF Program. For the various risk-sharing MPF products, FHLBank Topeka uses a base price from the MPF Provider (FHLBank of Chi-
Mortgage Partnership Finance® Program

Continued

Mortgage Partnership Finance® (MPF®) is a registered trademark of the Federal Home Loan Bank of Chicago.

Continued

cago) as a starting point. FHLBank then adjusts the base price to meet specific pricing objectives based on profitability, market competitiveness and volume management.

LIMITATIONS

PFIs selling mortgage loans to FHLBank must comply with the MPF Program, Selling and Servicing Guides as promulgated by the MPF Provider as well as the FHLBank’s Anti-Predatory Lending (APL) Policy. For the complete APL Policy, refer to the Anti-Predatory Lending section of this Guide.

A PFI’s Credit Enhancement obligation, as with all other credit transactions, is subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide.

Supplemental quality control reviews may be requested as a result of a PFI’s financial or portfolio performance, or the results of its periodic quality control review, at the discretion of FHLBank.

COLLATERAL

A PFI’s Credit Enhancement obligation must be fully collateralized at all times.

SERVICING

PFIs have the ability to retain the servicing of their originated loans, subcontract that servicing to an MPF-approved servicer, or sell the servicing to an MPF-approved servicing aggregator. Additional income can be realized on an ongoing basis when the servicing is retained, and a Service Released Premium provides almost immediate income when PFIs choose to sell the servicing.

MEMBER MORTGAGE PARTICIPATION

The Member Mortgage Participation (MMP) allows FHLBank to participate loans to member and housing associate investors that are funded and purchased under the conventional, on-balance sheet, credit-enhanced products or under the MPF Government loan product. The MMP offers members and housing associate investors the opportunity to purchase loans under a program with low historical losses stemming from good quality underwriting, origination and servicing functions.

AVAILABILITY

Institutions interested in the MPF Program should contact their account manager or the MPF department at 866.571.8171.
Community Housing Program

The Community Housing Program (CHP) is a special advance program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. The CHP provides members with wholesale loans (advances) priced below FHLBank’s regular advance rates to help finance owner- and renter-occupied housing in their communities, subject to income qualifications (for details see Exhibit B of the Community Support Program and Targeted Community Lending Plan).

CHP Advance Products and Program
- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

TERMS AND CONDITIONS

LIMITATIONS

CHP advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide for more information. In addition, CHP advances must be fully collateralized at date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section for more information. CHP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CHP advances for their own benefit. Members will not be approved for CHP advance funding for any loan(s) secured by property to be used for any marijuana-related business. The minimum amount of a CHP advance is $10,000.

REQUIRED DOCUMENTS

CDP/CHP Application

Completed CHP applications and a list of loans for which the advance will be taken must be submitted to FHLBank’s Housing and Community Development department for confirmation of eligibility. Substitution or submission of additional note(s) will be accepted only after submission to and approval by the HCD department. Projects involving refinancing of loans previously funded with a CHP advance must be identified in a separate application. To obtain the application, visit the Community Programs section of FHLBank’s website.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank’s Housing and Community Development programs.

Common Uses

- Single family homes
- Multifamily rental projects
- Purchasing low-income housing tax credits

Continued on next page
Community Housing Program

Continued

RATE
CHP advances are priced at FHLBank’s cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. CHP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CHP, the interest rates on the outstanding CHP advances may be changed, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

PRINCIPAL AND INTEREST
Normal principal and interest collection applies. For details, refer to the specific advance program.

TERM
Four to 360 months. For details, refer to the specific advance program.

PREPAYMENT OPTION
Normal prepayment fees will apply to CHP advances. For details, refer to the specific advance program.

AVAILABILITY
Members should allow 48 hours for processing a complete CHP application. Provided an approved CHP application is on file, advances may be requested from the Lending department until 4 p.m. CT.

Members are not committed to taking the full amount of approved CHP application amount; however, any unused CHP application amount shall expire at the earlier of three months following the date the CHP-funded loan(s) was originated or three months following application approval.

TECHNICAL ASSISTANCE
Contact the Housing and Community Development department.
The Community Development Program (CDP) is a special advance program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. The CDP is designed to increase members’ involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. The CDP provides wholesale loans (advances) priced below FHLBank’s regular advance rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve (for details, see Exhibit C of the Community Support Program and Targeted Community Lending Plan).

CDP Advance Products and Programs
- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

TERMS AND CONDITIONS

LIMITATIONS
CDP advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the Credit Guidelines section of this Guide for more information. In addition, CDP advances must be fully collateralized at date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section for more information. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. Members will not be approved for CDP advance funding for any loan(s) secured by property to be used for any marijuana-related business. The minimum amount of a CDP advance is $10,000.

REQUIRED DOCUMENTS
CDP/CHP Application

Completed CDP applications and a list of loans for which the advance will be taken must be submitted to FHLBank’s Housing and Community Development department for confirmation of eligibility. Substitution or submission of additional note(s) will be accepted only after submission to and approval by the HCD department. Projects involving refinancing of loans previously funded with a CDP advance must be identified in a separate application. To obtain the application, visit the Community Programs section of FHLBank’s website.

Common Uses
- Ag loans for operating, equipment, breeding stock, real estate, or refinancing;
- Commercial/small business loans for real estate, equipment, rolling stock, or refinancing;
- Community loans for infrastructure, public facilities or equipment;
- Nonprofit lending for churches, schools, daycares and museums; and
- Purchase of a participation interest in a loan consortium for CDP-eligible projects.
Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank’s Housing and Community Development programs.

RATE
CDP advances are priced at FHLBank’s cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. CDP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

PRINCIPAL AND INTEREST
Normal principal and interest collection applies. For details, refer to the specific advance program.

TERM
Four to 360 months. For details, refer to the specific advance program. Advance terms should be consistent with the proposed use of funds.

PREPAYMENT OPTION
Normal prepayment fees will apply to CDP advances. For details, refer to the specific advance program.

AVAILABILITY
Members should allow 48 hours for processing a complete CDP application. Provided an approved CDP application is on file, advances may be requested from the Lending department until 4 p.m. CT.

Members are not committed to taking the full amount of approved CDP application amount; however, any unused CDP application amount shall expire at the earlier of three months following the date the CDP-funded loan(s) was originated or three months following application approval.

TECHNICAL ASSISTANCE
Contact the Housing and Community Development department.
The Affordable Housing Program (AHP) is a special program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. Through the use of subsidized advances and direct subsidies, the AHP helps members provide financing for owner-occupied and rental housing that is affordable to very low-, low- and moderate-income households. Refer to the AHP Implementation Plan for more information.

**COMMON USES**

AHP provides gap funding for housing projects or programs targeted to very low-, low- and moderate-income households. For direct subsidy requests, applicants and sponsors must demonstrate that the debt-carrying capacity of the project is insufficient to fund all of the project’s costs. For subsidized advances, the applicant must demonstrate that the loan financing for the project requires a below-market interest rate to be feasible. A member receiving a subsidized advance must extend credit to qualified borrowers at an effective rate of interest discounted at least to the same extent as was the subsidy FHLBank granted to the member.

**PROJECT CRITERIA**

Eligible applications for AHP funds are reviewed by FHLBank staff using a competitive process. AHP applications must satisfy the following requirements:

1. At least 20% of the rental units must be occupied by and affordable to very low-income households. All owner-occupied units must be occupied by very low-, low- or moderate-income households;

2. Reasonable and customary project costs, sources of funds and proforma projections of operating costs documenting the need for the amount of the AHP subsidy requested must be consistent with AHP standards;

3. Rental applicants must have the ability to draw AHP funds or to use the AHP subsidy to procure other funding not approved at application within 12 months of approval with one six-month extension possible;

4. Owner-occupied applicants must have the ability to draw AHP funds or to use the AHP subsidy to procure other funding not approved at application within 12 months of
Affordable Housing Program

Continued

approval with one six-month extension possible;

5. Applicants must commit to not using an AHP subsidy for FHLBank advance prepayment or processing fees;

6. AHP funds can only be used for refinancing if the refinancing produces equity proceeds that are used for purchase, construction, or rehabilitation;

7. Rental units are subject to a 15-year retention period. Owner-occupied purchase units are subject to a five-year retention period;

8. All applicants must provide an affirmative fair housing marketing plan and comply with fair housing laws;

9. The maximum AHP subsidy per project is $750,000. The maximum AHP subsidy per AHP unit is $50,000;

10. Project sponsors, nonprofit and for-profit developers must be qualified and able to perform the responsibilities described in the AHP application; and

11. As stated in the AHP Implementation Plan, the rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the AHP subsidy cannot exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.

BOARD OF DIRECTORS APPROVAL

FHLBank will forward to its board of directors for final funding consideration the applications receiving the highest overall ratings based on AHP funding criteria. To ensure an adequate pool of projects for consideration, FHLBank staff will forward to the board the highest ranking projects sufficient to exhaust the funds available under the AHP plus the next six alternates.

ELIGIBILITY

FHLBank will only disburse AHP funds to institutions that are FHLBank members at the time the funds are requested and approved for transfer.

Rental and owner-occupied purchase projects are subject to deed restrictions or other legally
enforceable retention agreements or mechanisms guaranteeing that:

1. Rental projects will remain affordable and income restricted for the length of the retention period;

2. FHLBank will be notified of the sale or refinancing of the project before the retention period ends;

3. For rental projects the full amount of subsidy will be repaid to FHLBank at sale or refinancing, unless the project continues to be subject to a retention document with the same requirements as the AHP application;

4. For owner-occupied purchase units, a pro rata share of the subsidy may be required to be repaid to FHLBank at sale or refinancing; and

5. The amount of subsidy for owner-occupied purchase projects subject to repayment declines 1/60th each month for five years and is then forgiven.

RESOURCES
— AHP User Guides
— AHP Implementation Plan
— Income Calculation Guide
— Income Limits as published on FHLBank’s Community Programs website

Applications for AHP funding must be submitted to FHLBank’s Housing and Community Development department through FHLBank’s online AHP system. For application, disbursement request and reporting requirements, visit the Community Programs section of FHLBank’s website.

TECHNICAL ASSISTANCE
Contact the Housing and Community Development department.
Homeownership
Set-aside Program

The Homeownership Set-aside Program (HSP) provides down payment, closing cost or purchase-related repair assistance to low- and moderate-income first-time homebuyers purchasing a home in FHLBank’s district.

THE HSP

— Allows for but does not require the use of secondary market and mortgage insurance;
— Requires a minimum $500 homebuyer contribution;
— Provides up to $5,000 in HSP funds to fill a funding gap, for all HSP recipients;
— Allows HSP funds to be combined with a non-FHLBank subsidy;
— Allows a CHP advance to fund first mortgage loans to homebuyers receiving HSP funds;
— Can be used for down payment, closing costs or purchase-related repair assistance;
— The rate of interest, points, fees and any other charges must not exceed a reasonable market rate of interest, points, fees and other charges for a loan of similar maturity, terms and risk; and
— Allows first mortgage loans originated by member to be sold into the MPF Program.

TERMS AND CONDITIONS

LIMITATIONS
The 2020 HSP reservation period shall commence on March 2, 2020, and end on November 30, 2020, subject to availability of funds. The HSP Registration Agreement will be available after February 1.

Funding is on a first-come, first-served basis of $25,000 in reservations per member, per month beginning March 2, 2020. Disbursement requests must be submitted within 90 days of reservation of funds.

FHLBank will evaluate funds remaining after July 1, 2020, and determine whether to continue, discontinue or change the members’ funding limit.

HSP subsidies may not be used for home purchases closed prior to reservation and income approval of the HSP funds or prior to the HSP funding period. Members shall not charge
processing fees for providing HSP subsidies to a household. Processing fees charged by any entity for providing HSP subsidy to a household are not allowed.

**PROGRAM/HOUSEHOLD REQUIREMENTS**

**TARGETED INCOME**
The household must have an income that is 80% or less of the applicable Area Median Income (AMI).

**TARGETED HOUSEHOLDS**
Refer to Common Uses at left for a description of the type of households targeted by the HSP.

**RETENTION**
— Household is subject to a deed restriction or other legally enforceable retention agreement.
— A pro rata share of the subsidy may be required to be repaid to FHLBank at sale or refinancing.
— The amount of subsidy subject to repayment declines 1/60th each month for five years and is then forgiven.

**BUYER’S INVESTMENT**
The buyer is required to provide a minimum $500 toward down payment and closing costs. Private mortgage insurance or secondary market programs may require a higher down payment. A household may not receive cash back at closing.

**EDUCATION COMPONENT**
Homebuyers must complete a homebuyer education program provided by, or based on one provided by, an organization recognized as experienced in homebuyer education. FHLBank designates organizations to approve homebuyer education providers.

**HSP FUNDING PROCEDURES**

**RESERVATION OF HSP SUBSIDY**
To reserve funds for a prospective homebuyer, a member must submit a reservation and required documentation through FHLBank’s online HSP system as specified in the HSP User Guide. FHLBank shall notify the member when the HSP reservation has been approved.
HSP DISBURSEMENT REQUEST PROCEDURES
The member must submit via FHLBank’s online HSP system the following for each disbursement request:

— HSP disbursement requests must be submitted by member personnel authorized via the AHP/HSP Authorization form;

— A copy of the final Closing Disclosure;

— FHLBank Topeka Real Estate Retention Agreement or other legally enforceable retention agreement;

— Homebuyer Education Certificate;

— An estimate or invoice for repair expenses if required by FHLBank; and

— Other documentation requested by FHLBank.

FHLBank’s Housing and Community Development staff will verify that all required documentation is correct and in place. The member will be notified when the request is approved.

RESOURCES
— AHP Implementation Plan
— HSP User Guide
— Income Calculation Guide
— Income Limits as published on FHLBank’s Community Programs website

HSP Member Registration Agreements must be submitted via email to FHLBank’s Housing and Community Development department to participate in the program.

HSP reservations, requests and required documentation must be submitted through FHLBank’s online HSP system. For additional information, visit the Community Programs section of FHLBank’s website.

TECHNICAL ASSISTANCE
Contact the Housing and Community Development department.
Credit Guidelines

Credit Availability

In determining the availability of credit to an institution, FHLBank is subject to regulatory directives and limitations and will take into consideration, among other factors, legislative and practical funding constraints as well as its responsibility to preserve FHLBank’s financial integrity and long-term viability. While FHLBank makes every reasonable effort to meet the credit needs of its members and housing associates, it reserves the right to deny any credit request.

Furthermore, an institution’s access to credit with maturities of one year or longer will be restricted 30 days after notice is sent by the Federal Housing Finance Agency (FHFA) that the institution is not in compliance with the requirements in the Community Support regulation.

The availability of credit may also be curtailed at any time without prior notice by FHLBank because of adverse market or other conditions, as determined by FHLBank in its discretion.

As a condition for the extension of credit by FHLBank, the institution shall notify FHLBank of any material adverse change in or affecting the institution’s financial condition no later than three business days after the institution becomes aware of such change.

Limits on Long-Term Advances

Advances with original maturities greater than five years are considered long term and can only be made for the purpose of enabling an institution to purchase or fund new or existing Residential Housing Finance Assets (RHFAs). As a result, the sum of an institution’s advances with original maturities greater than five years cannot exceed the sum of the RHFAs held by the institution.

RHFAs Include any of the Following:

- Loans secured by residential real property (see definition on next page);
- Mortgage-backed securities;
- Participations in loans secured by residential real property;
- Loans financed using the Community Investment Cash Advance Program;
- Loans secured by manufactured housing, regardless of whether such housing qualifies as residential real property; or
- Any loans or investments which the Federal Housing Finance Agency, in its discretion, otherwise determines to be RHFAs.

Eligible Uses of Credit Products and Programs

A member or housing associate may request credit for any sound business purpose in which it is authorized to engage. This includes making residential mortgage and consumer loans, covering deposit withdrawals, accommodating seasonal cash needs, restructuring liabilities and maintaining adequate liquidity.

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Material adverse changes include, but are not limited to, a significant loss, events that may significantly affect the value of pledged collateral or the ability of the member to satisfy its FHLBank credit obligations. Failure to notify FHLBank in this time frame could constitute an Event of Default, as defined by the Advance, Pledge and Security Agreement.

**BANK SECRECY AND ANTI-MONEY LAUNDERING COMPLIANCE**

As a condition for the extension of credit by FHLBank, each member shall maintain effective anti-money laundering controls designed to prevent the use of FHLBank’s products and service to facilitate money laundering, the funding of terrorists, fraud or other criminal activity.

**MAXIMUM CREDIT AVAILABLE**

The maximum level of advances, letters of credit, draws on standby credit facility and MPF Credit Enhancement obligations are limited as follows:

— For a depository member, insurance company member or housing association, credit obligations to total assets is limited to 40%. Exceptions may be granted up to 50% with the pre-approval of FHLBank senior management. Total assets for insurance company members are defined as admitted assets.

— For non-depository CDFIs, credit obligations are limited to 20% of the non-depository CDFI member’s total assets. The ratio can be increased up to 30% with the pre-approval of FHLBank senior management.

— FHLBank credit obligations may not exceed the collateral lending value of loan assets identified on the Qualifying Collateral Determination (QCD) form, plus the lending value of securities and/or loan collateral delivered and pledged to FHLBank or an FHLBank-

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**RESIDENTIAL REAL PROPERTY MEANS ANY OF THE FOLLOWING:**

- One-to-four family property;
- Multifamily property;
- Real property to be improved by the construction of dwelling units;
- Real property in the process of being improved by the construction of dwelling units; or
- Community Financial Institutions (CFIs) may also include small farm loans, small business loans and small agri-business loans. See Definitions section for more about CFIs.
approved third-party custodian on behalf of FHLBank; and

— Long-term advances from FHLBank (original term greater than five years) may not exceed RHFAs.

— Non-depository CDFIs are further limited to credit obligations with a term of 15 years or less. If the CDFI’s Unrestricted Net Asset to Total Asset ratio falls to less than 20%, any new extension of credit is prohibited.

Total assets and RHFAs are generally determined from the most recently completed and finalized quarterly filing with an institution’s regulatory agency. Institutions may be able to identify additional RFHAs that can be used to increase long-term borrowing capacity. Visit Members Only to access the document outlining how to identify these additional RFHAs.

CREDIT STANDARDS

FHLBank officers are authorized to make new advances or restructure outstanding advances with due regard for the safety of FHLBank’s financial position after carefully considering an institution’s financial condition and the availability of funds at FHLBank or in the capital markets.

REQUIRED DOCUMENTS

Before granting a credit request, FHLBank must have on file the following documents:

— Advance, Pledge and Security Agreements
  These are the master legal documents governing all credit transactions between the member or housing associate and FHLBank.

— Credit Resolution/Credit Authorization Forms
  The Credit Resolution form authorizes the member or housing associate to enter into credit agreements with FHLBank and names those individuals authorized to both borrow on behalf of the member or housing associate and to further delegate borrowing authority. The Credit Authorization form is used to identify additional individuals authorized to borrow on behalf of the member or housing associate. These forms should be updated periodically to reflect changes in personnel authorized to borrow.

— Qualifying Collateral Determination (QCD) Form
  The QCD form identifies the institution’s eligible loan collateral available to cover outstanding credit obligations. This form must be updated on a quarterly basis by
each institution with outstanding credit obligations. Please refer to the _Collateral Guidelines_ section of this Guide regarding the specific procedures.

To obtain these requirement documents, visit the _Members Only_ section of FHLBank’s website.

**Takedown Options**

While FHLBank makes every reasonable effort to meet the funding needs of its members and housing associates, it reserves the right to deny any advance request, especially those made late in the day.

On advances other than regular fixed rate and amortizing fixed rate, pricing and disbursement procedures are determined on a case-by-case basis. Takedown provisions and rate-setting procedures may vary if the advances are funded directly from the issuance of Federal Home Loan Bank consolidated obligations. Advance proceeds are automatically deposited in the institution’s DDA on the funding date.

**Principal and Interest Payments**

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the _Fees_ section of this Guide.

**Principal Repayments**

FHLBank must receive the funds associated with aggregate principal repayments (scheduled maturities and discretionary prepayments) of $250 million to $1 billion by noon CT. Repayments of this volume may be received by FHLBank between noon and 4 p.m. CT with a two-business day prior notification. FHLBank may, at its discretion, require same-day redemption of the capital stock associated with these repayments. Aggregate principal repayments of $1 billion or more require the pre-approval of FHLBank senior management. Principal repayments of $250 million or more not received according to these guidelines will be rolled into a one-day advance.

**Transfer of Advances and Letters of Credit**

With prior approval from FHLBank, a member or housing associate may transfer an advance, letter of credit, standby credit facility or forward settling advance (FSA) commitment to another Tenth District institution. The receiving entity is subject to FHLBank’s normal credit guidelines,
and a $100 transfer fee will be charged to the transferor.

**INVESTMENT AND CONSULTING ADVICE DISCLAIMER**

The information in this Guide and in FHLBank’s promotional and educational materials (including, without limitation, FHLBank website content and FHLBank-supplied financial models) is not intended to be investment or consulting advice.

In marketing efforts involving advances and other programs designed to match or offset a specific asset or group of assets, FHLBank is offering only its products and programs and is not offering, selling or soliciting the purchase of any assets.

FHLBank is not, and shall not be deemed a) a partner, joint venturer or otherwise associated in any way with any issuer, underwriter or broker/dealer; b) responsible for any representations made by any issuer, underwriter, broker/dealer or any of their representatives; or c) a fiduciary, agent or otherwise acting in any capacity on behalf of any institution.

FHLBank does not guarantee the accuracy of, or methods used in, its analysis of how certain assets may perform. FHLBank assumes no responsibility for ensuring that the terms of advances match the terms of a specific asset or group of assets. FHLBank is not responsible if the characteristics of assets differ from any projections, resulting in a lower return or loss to the institution, nor is FHLBank responsible for any loss that may otherwise be incurred as a result of the institution’s purchase of any asset.

The decision to obtain advances and other products, and the analysis of how they may complement an institution’s financial or business strategy, remains the institution’s sole responsibility.
FHLBank’s regulatory capital requirements are:

— to maintain a total capital ratio of at least 4%. This ratio is FHLBank’s total capital to total assets. Total capital is the sum of (a) Capital Stock (both Class A and Class B Common Stock); (b) retained earnings, which are determined in accordance with generally accepted accounting principles; (c) the amount of FHLBank’s general allowance for losses (if any); and (d) such other amounts (if any) as may be approved by the Federal Housing Finance Agency.

— to maintain a leverage capital ratio of at least 5%. This ratio is 1.5 times the sum of FHLBank’s Class B Common Stock and retained earnings (plus the other components of the total capital detailed above) to its total assets; and

— to maintain permanent capital in an amount equal to or greater than the Risk-Based Capital Requirement, which is equal to the sum of FHLBank’s credit risk, market risk and operations risk capital requirements. Permanent capital is defined as the sum of FHLBank’s Class B Common Stock and retained earnings.

Under FHLBank’s capital plan, two classes of stock are issued to members: Class A Common Stock (six-month redemption period) and Class B Common Stock (five-year redemption period). Minimum stock purchase requirements for members have been established for each class of stock. All issuances, redemptions and repurchases of stock by FHLBank are completed at a par value of $100.

**MINIMUM STOCK PURCHASE REQUIREMENT**

Each member must maintain a certain minimum amount of capital stock to (1) become and remain a member of FHLBank (Asset-based Stock Purchase Requirement, which is met only with Class A Common Stock); and (2) to enter into specified activities with FHLBank (Activity-based Stock Purchase Requirement, which is met with Class A Common Stock up to a member’s Asset-based Stock Purchase Requirement and then with Class B Common Stock to the extent that the Activity-based Stock Purchase Requirement exceeds a member’s Asset-based Stock Purchase Requirement). The minimum capital stock purchase is the sum of the Asset-based Stock Purchase Requirement and the Activity-based Stock Purchase Requirement.
ASSET-BASED REQUIREMENT
The amount of Class A Common Stock a member must maintain is referred to as the Asset-based Stock Purchase Requirement. The current requirement is 0.10% of a member’s total assets as of December 31 of the preceding calendar year, with a minimum of $1,000 and a maximum of $500,000. The Asset-based Stock Purchase Requirement is recalculated in April of each year with any necessary purchases made on the last business day of April.

ACTIVITY-BASED REQUIREMENT
The amount of Class B Common Stock a member must maintain is referred to as the Activity-based Stock Purchase Requirement. The current requirement is equal to the sum of the following less the member’s Asset-based Stock Purchase Requirement:

— 4.5% of the principal amount of advances outstanding to the member (which would include any line of credit and standby credit facility draws);

— 3.0% of the unpaid balance of loans sold under traditional, on-balance sheet MPF products capped at 3.0% of the institution’s prior year-end total assets;

— The Activity-based Stock Purchase Requirement is recalculated with any change in member activity. Any necessary purchases are charged to the member’s DDA at the end of each business day. Excess Class A Common Stock will be automatically swept for Class B Common Stock before purchasing additional Class B Common Stock.

CHANGE IN MINIMUM STOCK PURCHASE REQUIREMENT
FHLBank, in its discretion, has the right to adjust the above percentages and to adjust the cap on the dollar amount of Capital Stock a member must purchase as a result of the Asset-based Stock Purchase Requirement or the Activity-based Stock Purchase Requirement. This is so that FHLBank can continue to comply with the federal requirements to maintain capital levels at or above the minimum regulatory capital requirements while also prudently managing the risks associated with product-related assets held on balance sheet. Please refer to the capital plan for more information on the allowable ranges.

DIVIDENDS
FHLBank may declare and pay non-cumulative dividends, expressed as a percentage rate per annum, in either cash or Class B Common Stock. Class A Common stockholders and Class
B Common stockholders will share equally in dividend payments up to the Dividend Parity Threshold (DPT). The DPT is determined by FHLBank’s board of directors. To obtain the current DPT, visit the Members Only section of FHLBank’s website.

FHLBank will notify members of any changes to the DPT at least 90 days prior to any dividend payment to which the change would apply. Dividends in excess of the DPT may be paid on Class A Common Stock or Class B Common Stock at the discretion of the board of directors provided, however, that the dividend rate per annum paid on Class B Common Stock must equal or exceed the dividend rate per annum paid on Class A Common Stock.

EXCESS STOCK INVESTMENT
A member may hold capital stock in excess of its Minimum Stock Purchase Requirement to the extent it has the legal authority under applicable statutes and regulations, subject to the following:

REDEMPTION REQUESTS
A member may make a written request to redeem excess Class A Common Stock or excess Class B Common Stock. The redemption period for Class A Common Stock is six months, and the redemption period for Class B Common Stock is five years. The redemption period(s) commence(s) upon FHLBank’s receipt of a member’s written redemption request. FHLBank will notify the member within five business days of the receipt of a redemption request if it does not intend to, or cannot immediately, repurchase the stock subject to the request.

A member may cancel any request to redeem capital stock. Pertaining to a redemption request made of FHLBank, an automatic cancellation of a member’s stock redemption request will occur five business days from the end of the redemption period if FHLBank is prevented from redeeming a member’s stock during this five-day period because the redemption would cause the member to fail to meet its Minimum Stock Purchase Requirement. A member’s DDA will be charged a Redemption Request Cancellation fee of 1.0% of the par value of Class A Common Stock plus an increasing percentage of the par value of Class B Common Stock equal to 1.0% if cancelled in the first year of the redemption period, 2.0% if cancelled in the second year, 3.0% if cancelled in the third year, 4.0% if cancelled in the fourth year, and 5.0% if cancelled in the fifth year.

REPURCHASE OF EXCESS STOCK
FHLBank may, in its sole discretion, repurchase
excess stock held by its members. In initiating a repurchase, FHLBank will provide members not less than five business days’ written notice of its intent to repurchase excess stock.

EXCHANGE OF EXCESS STOCK
FHLBank may, in its sole discretion, elect to exchange all or a portion of excess Class B Common Stock for Class A Common Stock at any time FHLBank determines that members hold excess stock. Prior to an exchange, other than under a regular exchange program (referenced below), FHLBank will provide members not less than five business days’ written notice. Likewise, in its discretion, FHLBank may exchange excess shares of Class A Common Stock for shares of Class B Common Stock (or vice versa) per a member’s request, provided that FHLBank can continue to meet its regulatory capital requirements.

A regular exchange program may be initiated by FHLBank, in its sole discretion, with 30 calendar days’ written notice to members prior to the first scheduled exchange. If FHLBank will not exchange all excess stock of a member or changes the interval of a regular exchange program, it will provide not less than five business days’ written notice of such intent.

A member may request cash in lieu of Class A Common Stock in any such exchange by providing written notice more than 30 calendar days prior to the exchange. Such notice will serve to direct FHLBank to pay cash in lieu of Class A Common Stock for all future exchanges until the member provides a written request to terminate the directive and FHLBank, in its sole discretion, allows such directive to be terminated.

REQUIRED DOCUMENTS
— Capital Stock Redemption Request Form
— Capital Stock Redemption Request Cancellation Form
— Capital Stock Exchange Request Form
— Capital Stock Cash in Lieu of Class A Common Stock Request and Cancellation Form

To obtain the documents listed above, visit the Members Only section of FHLBank’s website.

AVAILABILITY
Capital stock requests on the forms listed above may be made until 4 p.m. CT.
Membership

APPLYING FOR MEMBERSHIP

ELIGIBILITY

To be approved as a member of FHLBank, applicants must satisfy the regulatory requirements of regulation 12 CFR Part 1263 of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board. Any building and loan, savings and loan, cooperative bank, homestead association, insurance company, savings bank, community development financial institution (CDFI – including a CDFI credit union) or insured depository institution, upon application and satisfaction of the requirements of the Act and the following parameters, shall be eligible to become a member of FHLBank.

— The institution is duly organized under federal or state laws, including tribal laws for non-depository CDFIs.

— The institution is subject to inspection and regulation by the FDIC, Federal Reserve Board, NCUA or OCC, or in the case of an insurance company, subject to inspection and regulation by an appropriate state regulator accredited by the National Association of Insurance Commissioners (NAIC). CDFIs, other than CDFI credit unions, must be certified by the CDFI Fund.

— The institution purchases or originates long-term home mortgage loans (with a maturity of five years or more). An institution may also qualify through a mortgage banking operation or by purchasing and holding mortgage-backed securities (MBS) (including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs)). For purposes of this criterion, the MBS must represent (1) a right to receive a portion of the cash flows from a pool of long-term home mortgage loans, or (2) an interest in other securities that meet the requirements of (1).

— The institution has at least 10% of its total assets in residential mortgage loans based on the applicant’s most recent regulatory financial report filed with its appropriate regulator. Residential mortgage loans may include: first and junior lien mortgage loans, multifamily mortgage loans, manufactured housing loans, home equity loans, MBS (including CMOs and REMICs), residential construction loans, and dormitory, retirement home, nursing home and single-room occupancy loans. Mortgage assets held under a repurchase agreement are not eligible. An alternative to the 10% requirement has been developed.
Membership

Continued

for insurance company and non-depository CDFI qualification. Insurance companies and non-depository CDFIs can demonstrate their commitment to housing finance, as reported in their financial statements that are either filed with the NAIC or in the case of non-depository CDFIs, audited by an independent firm, by having an investment in residential mortgage loans as defined in 12 C.F.R. §1263.1, which includes single family and multifamily mortgages, MBS (including CMOs and REMICs) and home equity loans that equal or exceed 5% of total assets. For purposes of this criterion, the MBS must represent (1) a right to receive a portion of the cash flows from a pool of residential mortgage loans, or (2) an interest in other securities that meet the requirements of (1). Community Financial Institutions (CFIs) are exempt from the 10% rule. CFIs are FDIC-insured depository institutions whose average total assets over the last three years (as of Dec. 31) are less than a specific asset size. To obtain the current asset cap, visit the Members Only section of FHLBank’s website.

— The institution’s latest regulatory examination and results of a financial analysis performed by FHLBank staff indicate the institution’s financial condition is such that advances may be safely made.

— The institution’s management history and home financing policy are consistent with sound and economical home financing. non-depository CDFIs must provide a written narrative describing how the non-depository CDFI supports housing finance including loan originations and related investments, activities and services.

Institutions interested in applying for membership in FHLBank should contact the Sales department.

TRANSFERS OF MEMBERSHIP

Any member of another Federal Home Loan Bank that relocates its principal place of business to FHLBank’s district or that redesignates its principal place of business to FHLBank’s district pursuant to §1263.18(c) automatically shall become a member of FHLBank upon the purchase of the minimum amount of FHLBank stock required for membership in FHLBank, as required by §1263.20.

CORPORATE CHANGES

Members involved in a merger, acquisition,
consolidation or charter conversion, or those requesting authorization changes, should contact FHLBank’s Product Administration department to evaluate the potential impact on their membership status and credit availability.

TERMINATION OF MEMBERSHIP
If any membership in FHLBank is terminated, the indebtedness of such member to FHLBank shall be liquidated in an orderly manner, as determined by FHLBank. Any such liquidation of advances or cancellation of FSA commitments prior to maturity shall be deemed a prepayment and shall be subject to the applicable prepayment fees. In such instances, FHLBank will establish appropriate arrangements with respect to the orderly redemption of FHLBank stock held by the member.
Advance Pricing

PRICING METHODOLOGY

Interest rates charged by FHLBank on advances are generally a function of market conditions and the following:

— FHLBank’s marginal cost of funds for matching maturities, taking into account volume and type of funding required;

— FHLBank’s cost of delivering and customizing products (general and administrative expenses and various interest rate risks);

— Rates on competing sources of funds for members and housing associates; and

— FHLBank’s marginal and overall profitability objectives.

DIFFERENTIAL PRICING

The following pricing programs do not apply to line of credit, affordable housing or advances under FHLBank’s Housing and Community Development programs. Only one of the following pricing programs may apply to a single advance:

ADVANCE-TO-ASSET RATIO DISCOUNT
If an institution’s advance-to-total asset ratio (advance-to-admitted asset ratio for insurance company members) is at least 10%, the advance rate will be 5 basis points (.05%) lower than the regularly posted advance rate (Standard Pricing) for fixed rate advances with terms greater than 12 months, excluding convertible and structured advances. To determine eligibility for the discount, the ratio is calculated by taking the average advance balance for the previous calendar month divided by total assets as indicated by the applicable regulator.

SPECIAL ADVANCE OFFERINGS
Special advance offerings may be posted from time to time. All members and housing associates are eligible to participate in special advance offerings. Initially, FHLBank may limit the dollar amount of each advance request to encourage broad participation in these offerings.
Advance Pricing

Continued

VOLUME DISCOUNT

FHLBank may provide discounted pricing based on the following tiered structure:

STANDARD PRICING
Advance request less than $5 million

TIER #1
Advance request of $5 million, but less than $25 million

TIER #2
Advance request of $25 million, but less than $50 million

TIER #3
Advance request of $50 million, but less than $100 million

TIER #4
Advance request of $100 million, but less than $250 million

TIER #5
Advance request of $250 million or greater

The volume discount will be automatically applied to any advance request (single maturity) of $5 million or more. Commonly owned members may consolidate advance requests made at the same time for the same maturity to achieve volume discounts.

ACCESSING ADVANCE RATES

Opening morning Standard Pricing rates (no discounts applied) are generally posted by 9 a.m. CT and may be obtained via the Members Only section of FHLBank’s website or by calling the Lending department. Volume discount or tier pricing can also be obtained by calling Lending at 800.809.2733. Advance rates throughout the day will be established at the time of the advance request.
Borrowing by Housing Associates

ELIGIBILITY

To qualify as an eligible housing associate, an entity must:

- Be chartered under law and have succession;
- Be subject, pursuant to statute or regulation, to inspection and supervision of a government agency;
- Lend its own funds as its principal activity in the mortgage field; and
- Be approved by HUD as a mortgagee pursuant to HUD regulations adopted under Title II of the National Housing Act.

CREDIT UNDERWRITING

Extensions of credit must be in compliance with the Federal Home Loan Bank Act and regulations of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board. Extensions of credit must also conform to the Credit Guidelines section of this Guide. A housing associate must submit an advance certification with each request to borrow. The advance certification will identify the purpose of the advance and the type of collateral being used for security.

COLLATERAL REQUIREMENTS

Housing associates are required to deliver collateral to FHLBank.
Each member or housing associate of FHLBank is required to pledge sufficient eligible collateral to secure all extensions of credit, including advances, letters of credit, draws on standby credit facilities and MPF Program Credit Enhancement obligations.

If you have any questions about FHLBank’s Collateral requirements contact the Financial Services department.

ADVANCE, PLEDGE AND SECURITY AGREEMENTS

All members and housing associates must execute an Advance, Pledge and Security Agreement and have collateral coverage in place to use FHLBank’s products and other programs. The institution’s level of collateral coverage is the sum of the lending values of all eligible collateral pledged to FHLBank. The lending values for each type of eligible asset can be found in the Schedule of Eligible Collateral Guidelines section of this Guide.

The collateral coverage level establishes the greatest amount of credit FHLBank will extend to an institution, subject to any other regulatory or policy limitations. FHLBank maintains two types of Advance, Pledge and Security Agreements – a Blanket Pledge and a Specific Pledge.

BLANKET PLEDGE

Every member must enter into a blanket pledge agreement, unless other arrangements are authorized by FHLBank due to legal conflict or impediment. Other arrangements are typically authorized for insurance companies and housing associates. Under this agreement, each member must report quarterly on the composition of its pool of eligible loan assets using a Qualifying Collateral Determination (QCD) form. FHLBank uses the QCD form in determining the maximum amount of credit available to the member. Approval for changes in the pool of loan assets pledged is not necessary, and all documents, files, certificates, etc., remain in the member’s possession. Members may expand their collateral coverage by delivering and pledging securities to FHLBank or by delivering securities to an FHLBank-approved third-party custodian acting on behalf of FHLBank.

In addition, FHLBank will automatically file financing statements (UCC-1) on each member utilizing a blanket pledge agreement.

Members (excluding Community Development Financial Institutions (CDFIs)) that have executed a Blanket Pledge reporting loan collateral on the QCD Form may be required to provide supporting loan data detail using the Collateral Loan Listing - QCD Loan Support template. Members required to deliver and pledge collateral to FHLBank may use the Collateral Loan Listing - Limited Reporting template or the Collateral Loan Listing - Expanded Reporting template.

Non-depository CDFIs that enter into a Blanket Pledge agreement will be required to deliver and pledge collateral to FHLBank using the Collateral Loan Listing – Expanded template. In addition, non-depository CDFIs will be required to pledge...
eligible collateral to fully secure any estimated prepayment fees on advances issued on or after April 1, 2008, that have maturities or call dates in excess of three months, and the termination fee on any outstanding FSA commitments. We recognize that members may need to establish contingent liquidity sources based on limited credit capacity with FHLBank. A subordination agreement will need to be executed and may subject the member to additional collateral reporting requirements or restrictions on the maximum credit available.

SPECIFIC PLEDGE

Members, housing associates and non-depository CDFIs may be authorized by FHLBank to enter into a Specific Pledge agreement. Under the Specific Pledge, the member, housing associate or non-depository CDFI is not required to give FHLBank a blanket floating lien, but must deliver qualifying collateral to FHLBank in an amount that provides a collateral coverage level sufficient to cover its extensions of credit with FHLBank.

In addition, members, housing associates and non-depository CDFIs that enter into a Specific Pledge Agreement will be required to pledge eligible collateral to fully secure any estimated prepayment fees on advances issued on or after April 1, 2008, that have maturities or call dates in excess of three months, and the termination fee on any outstanding FSA commitments.

Financing statements (UCC-1) will be filed on each member that executes a Specific Pledge Agreement. The UCC-1 filing will be of a specific nature, referencing the assets pledged and delivered to FHLBank by the member or housing associate.

Members or housing associates executing a Specific Pledge agreement or non-depository CDFIs executing a Blanket Pledge agreement are required to submit loan collateral using the Collateral Loan Listing – Expanded template and are limited to the eligible collateral assets identified under the Delivered (Expanded) Lending Value as identified on the Schedule of Eligible Collateral.

COLLATERALIZING WITH SECURITIES

Members or housing associates collateralizing their FHLBank credit obligations with securities must deliver and pledge the securities to FHLBank or deliver securities to an FHLBank-approved third-party custodian acting on behalf of FHLBank.

ANTI-PREDATORY LENDING

FHLBank supports the expansion of fair and equitable home ownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, and to protect FHLBank from potential liabilities, FHL-
Bank adopts the Anti-Predatory Lending (APL) Policy with respect to residential mortgage loans and securities backed by residential mortgage loans pledged to it as collateral and residential mortgage loans purchased by it under the MPF Program. The complete APL Policy can be found in the Anti-Predatory Lending section of this Guide.

PLEDGING AND RELEASING INSTRUCTIONS

When a member or housing associate wants to add to its collateral capacity using securities delivered to FHLBank, the member or housing associate must first pledge the securities to FHLBank. To pledge and/or release security collateral, a member or housing associate must execute and email the Collateral Activity Report for securities held by FHLBank, or an Exhibit A of the Third-party Custodial Agreement, for securities held by an approved third-party custodian to FHLBank’s Financial Services department. This report will serve as written notification of a member’s or housing associate’s intent to pledge and/or release securities that will be, or are being, used to secure outstanding credit obligations with FHLBank.

To ensure that a pledge and/or a release request will be processed the same day, FHLBank must receive the Collateral Activity Report before 3 p.m. CT. Requests that would result in the member or housing associate not being sufficiently collateralized will be denied until additional collateral is delivered to FHLBank.

ADDITIONAL SECURITY MEASURES

From time to time, FHLBank may have additional credit concerns for reasons including, but not limited to, deterioration in a member’s financial performance. In such cases, FHLBank may, in its discretion, require additional steps or measures to protect its credit exposure and security interest, including taking possession of collateral being used to support a member or housing associate’s outstanding credit obligations. Factors considered include:

— capital levels;
— balance sheet size;
— operating ratios and trends;
— asset quality;
— asset/liability management;
— internal operations and controls;
— management policies;
— outstanding supervisory actions or agreements;
— other borrowing arrangements that the institution has outstanding; and
— type of credit agreements being used with FHLBank.

Examples of additional security measures include:

— Restricting the term of new advances;
— Restricting the type of advances available;
— Higher required collateral amounts;

Continued on next page
— Increased reporting requirements;
— Filing of financing statements;
— Delivery of original documents to FHLBank;
— Assignment of assets to FHLBank; and
— The use of a lockbox for receipt of payment on collateral.

DELIVERY OF COLLATERAL

The delivery of collateral may be required based on the factors noted above, but is mandatory under the following conditions:

BLANKET PLEDGE MEMBERS

— Composite CAMELS rating of 5; or
— Composite CAMELS rating of 4 combined with a component rating of 5 for asset quality or management; or
— Undercapitalized, as defined below:
  ■ Banks and Thrifts:
    i. Institutions using the Risk-Based Capital framework: Total Risk-Based Capital under 8 percent or Tier 1 (Core) Leverage Ratio under 4 percent; or
    ii. Institutions using the Community Bank Leverage framework: Tier 1 (Core) Leverage Ratio under 4 percent; or
— Non-performing Assets:
  ■ Banks and Thrifts: Non-Performing Assets (excluding government guaranteed loans) to Equity plus Loan Loss Reserves greater than 100%; or
  ■ Credit Unions: Non-Performing Assets to Total Capital plus Loan Loss Reserves greater than 75%.
— Total Assets:
  ■ Banks and Thrifts: Total Assets of $20 million or less with Total Credit Obligations to Unsubordinated Assets greater than 10 percent; or
  ■ Credit Unions: Total Assets of $50 million or less with Total Credit Obligations to Unsubordinated Assets greater than 10 percent.

VERIFICATION OF COLLATERAL

All members using FHLBank’s credit products and other programs will be subject to a periodic collateral verification. This verification will be completed by FHLBank staff or one of its agents. The verification indicates that the member is maintaining and reporting adequate qualifying collateral balances with respect to all extensions of credit.
with FHLBank. The frequency of this verification will be based on FHLBank’s evaluation of various risk factors including, but not limited to:

— The dollar amount of the member’s outstanding credit obligations;
— The member’s ratio of credit obligations to unsubordinated assets;
— Potential concerns regarding the member’s financial condition;
— Other borrowing arrangements that the member has outstanding; and
— The member’s prior collateral verification results.

The verification of collateral will be waived for any member that has delivered to FHLBank or to an FHLBank-approved third-party custodian qualifying collateral with a collateral coverage level adequate to cover all extensions of credit with FHLBank.

At FHLBank’s discretion, and in addition to the verification process described previously, a member or housing associate may be visited at any time by FHLBank staff for review of documents representing or evidencing pledged assets. A member or housing associate must make all documents representing or evidencing pledged assets available for inspection by FHLBank staff. FHLBank may, in its discretion, reduce a member or housing associate’s collateral lending value as a result of excessive exceptions detected in a collateral verification. Reductions in collateral lending value are a temporary measure designed to protect FHLBank until exceptions are brought to a reasonable level.

FHLBank may require delivery of eligible collateral to secure total FHLBank indebtedness from those members with excessive collateral verification exceptions.

**SPECIFIC LIMITATIONS**

Specific limitations on advances apply to members that are not in compliance with their minimum capital requirements.

**NEW ADVANCES TO MEMBERS WITHOUT POSITIVE TANGIBLE CAPITAL**

FHLBank will not make a new advance for a member without positive tangible capital unless the member’s federal banking regulatory agency or insurer requests in writing that FHLBank make such an advance and FHLBank determines that it can safely do so.

**RENEWALS OF ADVANCES TO MEMBERS WITHOUT POSITIVE TANGIBLE CAPITAL**

FHLBank may renew outstanding advances for successive terms of up to 30 days each to a member without positive tangible capital,
provided that FHLBank first honors any written request from the federal banking regulatory agency or insurer that FHLBank not renew such advances. FHLBank may renew outstanding advances to a member without positive tangible capital for terms greater than 30 days at the written request of the federal banking regulatory agency or insurer.

**ADVANCES TO CAPITAL DEFICIENT BUT SOLVENT MEMBERS**

FHLBank, in its discretion, may make a new advance or renew an outstanding advance for a capital deficient member that has positive capital provided FHLBank has not received written notice from the federal banking regulatory agency or insurer that the member's use of FHLBank credit has been prohibited.

**TEMPORARY WAIVERS**

In an emergency, FHLBank senior management may waive FHLBank’s normal borrowing standards with the exception of policy limits on extensions of credit or collateral provisions and any prepayment fee resulting in an economic loss to an institution provided that the term of any extension of credit granted pursuant to the waiver is 60 days or less and that such credit is not renewed. A waiver can be granted only if:

1. The circumstances warranting a need for an extension of credit were not reasonably foreseeable or avoidable;

2. No alternative sources of funding were reasonably available to the institution;

3. The extension of credit will not expose FHLBank to significantly greater risk than extensions of credit made under normal borrowing standards and limitations;

4. The extension of credit does not violate the Federal Home Loan Bank Act or the regulations of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board; and

5. The prepayment fee waiver will not result in an economic loss to FHLBank.

**THIRD-PARTY CUSTODIANS**

Members that have executed a blanket pledge may pledge securities that are safekept with an FHLBank-approved third-party custodian, which is generally defined as a custodian that is:

— FDIC-insured;
— well capitalized as defined by its regulatory agency (at all levels);
— unaffiliated to the institution requesting safekeeping services; and
annually audited by a certified public accountant who conducts the audit in accordance with generally accepted auditing standards.

FHLBank must pre-approve all third-party custodians. If approved, FHLBank will provide the member with a Third-party Custodial Agreement. All parties (member, custodian and FHLBank) must execute this agreement. Upon execution, FHLBank staff will schedule a conference call with the member and the custodian to discuss procedures for pledging and releasing securities.

**COLLATERAL FEES**

The costs for collateral services are reviewed periodically. Please refer to the *Fees* section of this Guide.
The following Schedule of Eligible Collateral provides a list of acceptable, eligible assets as well as the underwriting requirements and lending values associated with those assets. Lending values are expressed as a percentage of market value unless otherwise specified. FHLBank reserves the right to reject certain collateral or adjust the collateral requirements based on its ability to price or determine the marketability of such collateral.

### DEFINITIONS

#### BLANKET (QCD) LENDING VALUE

Lending value applicable for collateral reported via the Qualifying Collateral Determination (QCD) form (applicable to Members that have executed an Advance, Pledge and Security Agreement – Blanket Pledge (excluding non-depository CDFI Members)). The lending values are expressed as a percentage of unpaid principal balance unless otherwise specified.

#### CARRYOVER DEBT

Debt in which repayment has been extended beyond the loan’s original term because of the debtor’s inability to generate sufficient cash flows to service the obligation as it is originally structured. Examples of Carryover Debt would include (1) production or feeder livestock loans that are unable to be paid at their initial, short-term maturity, and are rescheduled into an intermediate or long-term amortization; or (2) already-existing term debt whose repayment terms or maturities need to be rescheduled because of inadequate cash flows to meet existing repayment requirements.

#### CASE-BY-CASE

The phrase “Case-by-Case” means that FHLBank’s senior management, at their discretion, will determine the acceptability and lending value of such collateral.

#### COMMUNITY FINANCIAL INSTITUTION (CFI)

An institution that has its deposits insured by the FDIC and whose average total assets over the last three years (as of Dec. 31) is less than the most recent asset cap amount published by the Federal Housing Finance Agency (FHFA). This asset cap shall be adjusted annually by the FHFA to reflect any percentage increase in the preceding year’s Consumer Price Index for all urban consumers, as published by the U.S. Department of Labor.

#### CONSTRUCTION-TO-PERMANENT MORTGAGE LOAN

There are two types of construction-to-permanent mortgage loan transactions: (1) A Single-Closing Construction-to-Permanent mortgage loan is a transaction where the interim construction loan and the permanent financing uses one set of closing documents and the mortgage loan auto-
matically converts to the permanent long-term mortgage loan upon completion of the property’s construction; or (2) A Two-Closing Construction-to-Permanent mortgage loan is a transaction where the construction loan and the permanent financing uses two sets of closing documents and the interim construction loan converts to permanent long-term mortgage loan through modification or through refinance upon completion of the property’s construction.

DEBT SERVICE COVERAGE RATIO (DSCR)
The relationship of the property’s annual net operating income to its annual mortgage debt service (principal and interest payments). While there are various prudent underwriting and risk assessment methods used in creating and calculating DSCR within the real estate financing industry, FHLBank will not dictate a specific DSCR calculation, but will expect the method used by our Members to be well documented and readily available, if requested by FHLBank.

DELIVERED (EXPANDED) LENDING VALUE
Lending value applicable for collateral that has been delivered to FHLBank or an FHLBank-approved third-party custodian utilizing the FHLBank’s Collateral Loan Listing - Expanded Reporting template (Specific Pledge Members, non-depository CDFI Members and housing associates are required to use the Collateral Loan Listing – Expanded Reporting template).

Class A is applicable to only those insurance company Members that are domiciled in a state in which the law exempts FHLBank from any applicable injunctions and stays, repudiation of agreements, fraudulent transfer provisions and preference provisions relating to any FHLBank security agreement or any similar arrangement or agreement relating to the security agreement. Class B is applicable to: (1) entities subject to Chapter 11 bankruptcy reorganization (i.e., non-depository CDFI Members or housing associates); and (2) insurance company Members that are domiciled in a state in which the law does not exempt FHLBank from any applicable injunctions and stays, repudiation of agreements, fraudulent transfer provisions and preference provisions relating to any FHLBank security agreement or any similar arrangement or agreement relating to the security agreement. The lending values are expressed as a percentage of market value unless otherwise specified, subject to the maximum lending values indicated for specific types of loans. Market values for loans are determined by taking the lower of: (1) current unpaid principal balance; or (2) the loan value as determined by FHLBank’s third-party pricing vendor, as valued at the last quarterly update.
Schedule of Eligible Collateral

Continued

DELETED (LIMITED) LENDING VALUE
Lending value applicable for collateral that has been delivered to FHLBank or an FHLBank-approved third-party custodian utilizing FHLBank’s Collateral Loan Listing - Limited Reporting template (only applicable to Members that have executed an Advance, Pledge and Security Agreement – Blanket Pledge (excluding non-depository CDFI Members)). The lending values are expressed as a percentage of market value unless otherwise specified, subject to the maximum lending values indicated for specific types of loans. Market values for loans are determined by taking the lower of: (1) current unpaid principal balance; (2) a present value calculation of the future cash flows discounted at the current market rate as determined by the FHLBank for the loan type and remaining term; or (3) the loan value as determined by FHLBank’s third party pricing vendor, if valued at the last quarterly update. If FHLBank cannot calculate a present value of the future cash flows for any reason, lending values may be lowered to accommodate the additional risk.

FHLBANK
FHLBank Topeka

FULLY DISBURSED
A loan in which the full face amount of the loan has been advanced to the borrower or on the borrower’s behalf.

FULLY SECURED
A loan in which the fair market value of the asset or assets pledged as security for the loan exceeds the outstanding principal balance of the loan.

LEASE LOANS
A financing transaction in the form of a lease (i.e., a lease structured such that the lessee effectively has purchased the asset and the lessor/institution is effectively providing financing secured by the purchased asset).

MEMBER
A financial institution that has been approved for membership and owns the required amount of stock in FHLBank.

NON-LEAD LENDER PARTICIPATION LOAN
A loan in which the institution is not the sole owner. The institution has purchased a participation interest of less than 100% of the loan from another institution (lead lender).

PRIVATE TRANSFER FEE
A charge or payment, imposed by a covenant, restriction, or other similar document and required

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to be paid in connection with or as a result of a transfer of title to real estate, and payable on a continuing basis each time a property is transferred for a period of time or indefinitely. A Private Transfer Fee does not include fees, charges, payments, or other obligations: (1) imposed by or payable to the Federal government or a State or local government; or (2) that defray actual costs of the transfer of the property, including transfer of membership in the relevant covered association. For purposes of this definition, a Private Transfer Fee also excludes covenants that require payment of a Private Transfer Fee to a covered association and limits the use of such transfer fees exclusively to purposes which provide a direct benefit to the real property encumbered by the Private Transfer Fee covenants.

QUALIFYING LEASEHOLD
A leasehold on one-to-four family property or multifamily property under a lease of not less than 99 years that is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage was executed.

SPECIAL PURPOSE PROPERTY
A limited market property with a unique physical design, special construction materials, or a special-purpose layout that restricts its utility to the use for which it was built. Such property has relatively few potential buyers at a particular time, and the property cannot be converted to another use without a large capital investment.

SUB-PRIME LOANS
Extensions of credit to borrowers who, at the time of the loan’s origination, exhibit characteristics indicating a significantly higher risk of default than traditional bank lending customers. Sub-prime borrowers typically have weakened credit histories that may include payment delinquencies, charge-offs, judgments and bankruptcies. These borrowers may also display reduced repayment capacity as measured by low credit scores (i.e., FICO score below 660) and high debt-to-income ratios (i.e., debt ratio of greater than 50%). In addition, sub-prime borrowers normally have few, if any, borrowing alternatives. Because of the inherent higher credit risk, Sub-Prime Loans command higher interest rates and loan fees than traditional loans. Any loan pledged to FHLBank where the borrower has a weakened credit history or reduced repayment capacity as measured by a FICO score of less than 620, or a monthly debt-to-income ratio of greater than 55 percent, will be considered to have sub-prime characteristics, unless the Member or housing associate has documented compensating factors that FHLBank determines supports the Member’s
or housing associate’s position that the borrower does not have a weakened credit history or have reduced repayment capacity.

WHOLLY OWNED
A loan of which the institution is the sole owner. For Blanket Pledge Members, this also includes: (1) the retained portion of a loan where the institution originated the loan and services the loan as lead lender but has sold a participating interest in the loan to a third party; or (2) a loan where the institution purchased 100% of the loan and the Member has received written approval from the lead lender to assign and pledge the asset to FHLBank. (Note: Non-lead lender participations of less than 100% are not considered Wholly Owned.)

ADDITIONAL CLARIFICATIONS
Property held by wholly owned subsidiaries may be accepted to the extent allowed by regulation after providing documentation acceptable to FHLBank in its discretion.

A cross collateralized loan’s eligibility and lending value will be determined based upon the assets used in collateralizing the loan. If the loan is Fully Secured (supported) by multiple types of assets that would make the loan eligible as collateral under this policy, the loan would be eligible. A loan would be eligible as collateral as long as the institution can demonstrate that the loan is Fully Secured by eligible collateral, while excluding any ineligible collateral during this determination. Collateral values for the cross collateralized loan will be determined based upon the lending value applied to the lowest asset required to fully secure the loan. If a member is required to deliver collateral, FHLBank will require the delivery of all loans impacted by the cross collateralization to FHLBank.

Loans which have been paid off, sold or matured should not be included in eligible collateral. Members and housing associates should notify FHLBank immediately when any delivered loan is paid off, is sold or matures.

All eligible collateral must have a readily ascertainable value, be reliably discounted to account for liquidation and other risks, and be able to be liquidated in due course.
Temporary Coronavirus (COVID-19) Underwriting Requirements

Underwriting Requirements
These underwriting requirements are available for use on the following Collateral Types:

- Conventional Mortgages on One-To-Four Family Residential Real Property;
- Mortgages on Multifamily Residential Real Property;
- Agricultural Real Estate;
- Commercial Real Estate;
- Second Mortgages on Residential One-To-Four Family Property;
- Home Equity Lines of Credit;
- Operating Loans; and
- Equipment Loans.

FORBEARANCE PLANS AND MODIFICATIONS:

a. A hardship is a temporary income interruption, where a COVID-19 hardship caused a decrease in the Borrower’s income due to circumstances outside the Borrower’s control.

i. Forbearance plans can defer contractual payments for no more than 6 months and modifications of an existing note can reduce the Borrower’s monthly contractual payment for no more than 12 months;

ii. Modifications that reduce contractual payment can reduce contractual payment to a minimum monthly payment of interest-only payment;

iii. Borrower(s) can execute a forbearance plan or a modification with an electronic signature that is in compliance with the Electronic Signatures in Global and National Commerce Act (i.e. E-SIGN). The forbearance plan or modification must be accompanied by an original note that has a “wet” signature from all borrowers and the Member retains the original document;

iv. Forbearance plans must indicate the duration of the forbearance plan including the effective date, the expiration date of the forbearance plan, and the due date of the first payment and the amount of the payment;

v. The collateral type is not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member prior to the forbearance plan or the modification, with collateral performance continuing to meet FHLBank’s delinquency eligibility standards (Internal Watchlist may be required to be submitted to FHLBank);

vi. If a modification requires an amendment to the mortgage as well as the note, you must comply with all current recording requirements for the jurisdiction in which the property is located and where the original mortgage is recorded to ensure lien position remains eligible for the asset category; and

vii. Original term to maturity cannot exceed 360 months; absent the forbearance plan or modification.

APPRAISALS:

a. Allow temporary deferral of appraisals as outlined by Federal Regulators.

i. On April 14, 2020 and April 21, 2020, the FDIC, FRB, OCC and NCUA issued interim final rules temporarily amending their appraisal regulations to provide that the completion of appraisals and evaluations required under the agencies’ appraisal regulations may be deferred by a regulated institution for up to 120 days from the date of closing. The temporary deferrals apply to all residential and commercial real estate secured transactions, including loans for new money or refinancing transactions, but excluding transactions for acquisition, development, and construction of real estate. The deferred appraisals and the interim final rules will sunset on December 31, 2020

Note: The lending value assigned to eligible COVID-19 pledged assets will be equal to the then current lending value established for the Collateral Type category as contained in FHLBank’s Member Products and Services Guide until further notice. The mortgage loan collateral must otherwise continue to meet all other underwriting requirements for loan Collateral Type contained in the Member Products and Services Guide, specifically in this Schedule of Eligible Collateral. FHLBank’s COVID-19 underwriting requirements are available for use until further notice from FHLBank. FHLBank anticipates providing members with 10 business day written notice prior to expiration of the temporary COVID-19 underwriting requirements.

SCHEDULE OF ELIGIBLE COLLATERAL
Collateral Type: Loans

### 1. One-to-Four Family Residential Real Property

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Class A</strong></td>
<td></td>
<td>Class A</td>
<td>Class B</td>
</tr>
</tbody>
</table>

**Conventional Mortgages on One-to-Four Family Residential Real Property**

<table>
<thead>
<tr>
<th></th>
<th>Amortizing mortgages</th>
<th>Interest-only mortgages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78% (unpaid principal)</td>
<td>72% (unpaid principal)</td>
</tr>
<tr>
<td></td>
<td>78% (market value*)</td>
<td>72% (market value*)</td>
</tr>
<tr>
<td></td>
<td>78% (market value*)</td>
<td>60% (market value*)</td>
</tr>
<tr>
<td></td>
<td>77% (market value*)</td>
<td>60% (market value*)</td>
</tr>
</tbody>
</table>

*Maximum lending value on individual loan is limited to $10 million.

### Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by one-to-four family dwelling units located in the United States (U.S.); and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;

2. Fully Secured:
   a. Loan-to-value ratio:
      i) Blanket Pledge Members’ (excluding non-depository Community Development Financial Institution (CDFI) Members) loan-to-value ratios cannot exceed 100% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule, with the exception of the results of an Automated Valuation Model (AVM), which are not eligible);
      ii) Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loan-to-value ratios cannot exceed 80% and, if applicable, the combined loan-to-value ratios cannot exceed 90% (appraisals must be prepared by a licensed or certified appraiser, licensed or certified in the state which the subject property is located and the appraisal must comply with the Uniform Standards of Professional Appraiser Practices (USPAP));
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office;

3. First lien position (as evidenced by title insurance policy or title opinion);

4. Fully Disbursed (closed-end loans only; no revolving lines of credit);

5. Wholly Owned;

6. No held-for-sale mortgage loans;

7. Term to maturity cannot exceed 360 months except for Single-Closing Construction-to-Permanent loans, where the term to maturity may extend beyond 360 months from the original note date but cannot exceed 360 months from the effective date of the converted permanent loan;

8. No reverse mortgage loans;

9. No residential land development loans (including vacant land);

10. No construction or rehabilitation loans;

*(continued on next page)*
Collateral Type: I. Loans

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
<td></td>
</tr>
</tbody>
</table>

CONVENTIONAL MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY

A. Amortizing mortgages

- 78% (unpaid principal)
- 78% (market value*)
- 78% (market value*)
- 77% (market value*)

B. Interest-only mortgages

- 72% (unpaid principal)
- 72% (market value*)
- 72% (market value*)
- 60% (market value*)

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements (continued from previous page)

11. No Sub-prime Loans;
12. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs that takes priority over the first mortgage;
13. No loans secured by property subject to Private Transfer Fee covenants that were created on or after February 8, 2011;
14. No Lease Loans;
15. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
16. Delinquency:
   a. Blanket Pledge Members’ (non-depository CDFI Members) loans cannot be more than 90 days delinquent;
   b. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loans cannot be more than 60 days delinquent in the past 12 months; and
   c. Delinquency reports may be required to be submitted to FHLBank;
17. No loans that violate FHLBank’s Anti-Predatory Lending Policy;
18. Loans originated or acquired after July 10, 2007, must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;
19. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);
20. Amortization:
   a. No negative amortization;
   b. If note structure allows for interest-only payments, FICO scores must be equal to or exceed 680;
21. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;
22. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and
23. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).
Collateral Type: I. Loans

Underwriting Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loans must comply with the Agency’s underwriting guidelines;</td>
<td></td>
</tr>
<tr>
<td>2. Wholly Owned;</td>
<td></td>
</tr>
<tr>
<td>3. No held-for-sale mortgage loans;</td>
<td></td>
</tr>
<tr>
<td>4. No reverse mortgage loans;</td>
<td></td>
</tr>
<tr>
<td>5. No residential land development loans (including vacant land);</td>
<td></td>
</tr>
<tr>
<td>6. No construction or rehabilitation loans;</td>
<td></td>
</tr>
<tr>
<td>7. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;</td>
<td></td>
</tr>
<tr>
<td>8. No Lease Loans;</td>
<td></td>
</tr>
<tr>
<td>9. Loans on property subject to a leasehold must be on a Qualifying Leasehold;</td>
<td></td>
</tr>
<tr>
<td>10. No loans that violate FHLBank’s Anti-Predatory Lending Policy;</td>
<td></td>
</tr>
<tr>
<td>11. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);</td>
<td></td>
</tr>
<tr>
<td>12. No negative amortization;</td>
<td></td>
</tr>
<tr>
<td>13. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;</td>
<td></td>
</tr>
<tr>
<td>14. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and</td>
<td></td>
</tr>
<tr>
<td>15. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).</td>
<td></td>
</tr>
</tbody>
</table>

### 1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
<th>CLASS A</th>
<th>CLASS B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDERAL HOUSING ADMINISTRATION (FHA)-INSURED MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Not more than 90 days delinquent</td>
<td>91% (unpaid principal)</td>
<td>91% (market value*)</td>
<td>91% (market value*)</td>
<td>89% (market value*)</td>
</tr>
<tr>
<td>B. More than 90 days delinquent</td>
<td>87% (guaranteed portion)</td>
<td>87% (guaranteed portion*)</td>
<td>87% (guaranteed portion*)</td>
<td>85% (guaranteed portion*)</td>
</tr>
</tbody>
</table>

| VETERANS AFFAIRS (VA)-GUARANTEED MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY |         |                                   |         |         |
| A. Not more than 90 days delinquent | 91% (unpaid principal) | 91% (market value*) | 91% (market value*) | 89% (market value*) |
| B. More than 90 days delinquent | 87% (guaranteed portion) | 87% (guaranteed portion*) | 87% (guaranteed portion*) | 85% (guaranteed portion*) |

* Maximum lending value on individual loan is limited to $10 million.
Collateral Type: Loans

1. One-to-Four Family Residential Real Property

<table>
<thead>
<tr>
<th>HELD-FOR-SALE MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY (HFS SF)</th>
<th>CLASS A</th>
<th>CLASS B</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. HFS SF mortgages eligible to be sold to FNMA, FHLMC or GNMA</td>
<td>91% (unpaid principal)</td>
<td>91% (market value)</td>
</tr>
</tbody>
</table>

Underwriting Requirements

1. Maximum aggregate lending value applicable for institutions reporting HFS SF loans via the Qualifying Collateral Determination (QCD) form is limited to 15 percent of institution’s total assets. Institutions wanting to exceed this amount will be required to submit loan data detail on a daily basis;

2. Wholly Owned;

3. No reverse mortgage loans;

4. No residential land development loans (including vacant land);

5. No construction or rehabilitation loans;

6. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that take priority over the first mortgage;

7. No Lease Loans;

8. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

9. Pipeline Limitations:
   a. Blanket Pledge Members’ (excluding non-depository CDFI Members) loans cannot exceed 90 days from origination date of the mortgage;
   b. Specific Pledge Members’ and non-depository CDFI Members’ loans cannot exceed 45 days from origination date of the mortgage;

10. Delinquency:
    a. Loans cannot be more than 30 days delinquent;
    b. Delinquency reports may be required to be submitted to FHLBank;

11. No loans that violate FHLBank’s Anti-Predatory Lending Policy;

12. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

13. No negative amortization or interest only loans;

14. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

*(continued on next page)*
Collateral Type: Loans

### Underwriting Requirements

15. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

16. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

In addition to the general HFS SF underwriting requirements identified above, the loans must also comply with the following:

17. Loans must comply with Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) or Government National Mortgage Association (GNMA) underwriting guidelines;

18. Loans eligible to be sold to FNMA or FHLMC must be underwritten utilizing Desktop Underwriter® (DU) or Loan Product Advisor® (LP) and the documentation must be maintained that reflects a DU Approve/Eligible or an LP Accept/Eligible; and

19. Loans eligible to be sold to GNMA must be underwritten utilizing Technology Open To Approved Lenders (TOTAL) Mortgage Scorecard and documentation must be maintained that reflects a TOTAL Scorecard Accept or Refer (any Refer must also include the Direct Endorsement underwriter’s approval), except for VA-guaranteed Interest Rate Reduction Refinance Loans and FHA-insured Streamlined Refinance transactions, assumptions and mortgages made to nonprofit/Governmental Entity Borrowers.

### Schedule of Eligible Collateral

<table>
<thead>
<tr>
<th>HELD-FOR-SALE MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY (HFS SF)</th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. HFS SF mortgages eligible to be sold to FNMA, FHLMC or GNMA</td>
<td>91% (unpaid principal)</td>
<td>91% (unpaid principal)</td>
<td>91% (market value)</td>
</tr>
</tbody>
</table>
Collateral Type: \textbf{I. Loans}

\begin{center}
\begin{tabular}{|c|c|c|}
\hline
\textbf{1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY} & \textbf{BLANKET (QCD) LENDING VALUE} & \textbf{DELIVERED (LIMITED) LENDING VALUE} & \textbf{DELIVERED (EXPANDED) LENDING VALUE} \\
\hline
\textbf{Held-for-sale mortgages on one-to-four family residential real property (HFS SF)} & & & \\
\hline
B. HFS SF mortgages NOT eligible to be sold to FNMA, FHLMC or GNMA & 78\% (unpaid principal) & 78\% (unpaid principal\textsuperscript{*}) & N/A & N/A \\
\hline
\end{tabular}
\end{center}

\textsuperscript{*} Maximum lending value on individual loan is limited to $10 million.

\textbf{Underwriting Requirements}

In addition to the general HFS SF underwriting requirements (1-16 on pages 85-86), the loans must also comply with the following:

1. Loans must be secured by real estate:
   a. Loans must be secured by one-to-four family dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original documents must be retained;

2. Fully Secured:
   a. The mortgage amount must equal or exceed the outstanding principal amount on the note; and
   b. The mortgage and/or deed of trust and all subsequent assignments must show evidence of submission to recorder’s office for proper recording;

3. First lien position (as evidenced by title commitment, title insurance policy or title opinion);

4. Fully Disbursed (closed-end loans only, no revolving lines of credit);

5. Term to maturity cannot exceed 360 months;

6. No Sub-prime Loans;

7. No loans secured by property subject to Private Transfer Fee covenants that were created on or after February 8, 2011;

8. Loans originated or acquired after July 10, 2007 must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending; and

9. Loan-to-value ratios cannot exceed 100 percent (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule, with the exception of an AVM, which are not eligible);
Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by multifamily dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;

2. Fully Secured:
   a. Loan-to-value ratio:
      i) Blanket Pledge Members’ (excluding non-depository CDFI Members) loan-to-value ratios cannot exceed 85% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule);
      ii) Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loan-to-value ratios cannot exceed 70% and, if applicable, the combined loan-to-value ratios cannot exceed 80% (appraiser must have Member Appraisal Institute (MAI) professional designation);
   b. Debt Service Coverage Ratio (DSCR):
      i) Blanket Pledge Members’ (excluding non-depository CDFI Members) DSCR must equal or exceed 1.00;
      ii) Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ DSCR must equal or exceed 1.25 and updated no less than annually. Lower DSCRs may be accepted if loan is fully amortizing over a shorter time period (less than 20 years);
   c. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   d. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office.

3. First lien position (as evidenced by title insurance policy or title opinion);

4. Fully Disbursed (closed-end loans only; no revolving lines of credit);

5. Wholly Owned;

6. Term to maturity cannot exceed 360 months;

7. No residential land development loans (including vacant land);

8. No construction or rehabilitation loans;

9. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

(continued on next page)
Collateral Type: **I. Loans**  

**Underwriting Requirements (continued from previous page)**

10. No loans secured by property subject to Private Transfer Fee covenants that were created on or after February 8, 2011;

11. No Lease Loans;

12. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

13. Delinquency:
   a. Blanket Pledge Members’ (excluding non-depository CDFI Members) loans can not be more than 60 days delinquent;
   b. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loans cannot be more than 60 days delinquent in the past 12 months; and
   c. Delinquency reports may be required to be submitted to FHLBank.

14. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

15. No negative amortization or interest-only loans;

16. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

17. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

18. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

---

### 2. MORTGAGES ON MULTIFAMILY RESIDENTIAL REAL PROPERTY

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>74% (unpaid principal)</td>
<td>74% (market value*)</td>
<td>71% (market value*)</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $75 million.
Collateral Type: I. Loans

3. GUARANTEED PORTION OF OTHER LOANS BACKED BY THE FULL FAITH AND CREDIT OF THE U.S.

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>87% (unpaid principal of the guaranteed loan)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Underwriting Requirements

Temporary Eligibility for Small Business Administration (SBA) – Paycheck Protection Program (PPP) loans

1. Maximum aggregate lending value applicable for an institution reporting SBA PPP loans via the Qualifying Collateral Determination (QCD) form is limited to the lesser of $5 billion; or 20 percent of the institution’s total lending value on all collateral pledged. These limits will be evaluated on at least a weekly basis, with the submission of the Collateral Loan Listing Report- PPP.

2. Institution must maintain a CAMELS composite rating of “3” or better. If an institution’s CAMELS composite rating downgrades to “4” or “5,” the institution must substitute all SBA PPP loans being utilized to support outstanding credit obligations with other eligible collateral within 5 business days.

3. Institution must submit an updated Collateral Loan Listing Report – PPP to the Financial Services department by 9:30 a.m. CT every Thursday for inclusion of the PPP loans as eligible collateral.
Collateral Type: **II. Securities**

- For securities with cash flows derived from underlying collateral, i.e., Collateralized Mortgage Obligations (CMOs), excluding interest-only or principal-only securities.
- Prices must be readily available through the FHLBank’s pricing vendors.
- Prospectus may be required to determine security eligibility.
- Security ratings must be obtained from at least one of the following Nationally Recognized Statistical Rating Organizations (NRSROs): Standard & Poor’s Financial Services LLC, Moody’s Investors Service, Inc., or Fitch Ratings Inc.; and the lowest rating identified will be applied. A security rating under a negative watch will be assigned up to a full letter grade reduction until the current rating watch is resolved.

### Underwriting Requirements

1. Securities issued and guaranteed by GNMA, FNMA or FHLMC only; and
2. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy.

#### Underwriting Requirements

1. Securities issued and guaranteed by GNMA, FNMA or FHLMC only;
2. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy.

<table>
<thead>
<tr>
<th>1. AGENCY RESIDENTIAL MORTGAGE PASS-THROUGH SECURITIES (INCLUDING UNIFORM MBS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLANKET (QCD) LENDING VALUE</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. AGENCY CMOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLANKET (QCD) LENDING VALUE</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>
Collateral Type: **II. Securities**

### 3. AGENCY-STRUCTURED BONDS (STEP-UP, INVERSE FLOATER, MULTIPLE INDEX, DUAL INDEX, LEVERAGED INDEX, INDEX AMORTIZING PRINCIPAL, ETC.)

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>95% (market value)</td>
<td>95% (market value)</td>
<td>91% (market value)</td>
</tr>
</tbody>
</table>

### 4. OTHER AGENCY CMOs

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>84-96% (market value*)</td>
<td>84-96% (market value*)</td>
<td>66-91% (market value*)</td>
</tr>
</tbody>
</table>

* Lending value dependent upon underlying collateral and security structure.

### 5. U.S. TREASURY BILLS (T-BILLS)

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>99% (market value)</td>
<td>99% (market value)</td>
<td>99% (market value)</td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Securities issued and guaranteed by GNMA, FNMA or FHLMC only;
2. Securities’ underlying cash flows must be derived from mortgages on one-to-four family or multifamily residential real property or collateral identified under Category IV (including inverse floaters, support, subordinated, junior, mezzanine, structured, complex and Z tranches); and
3. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy.
Collateral Type: **II. Securities**

### 6. FIXED RATE U.S. TREASURY PRINCIPAL-ONLY AND INTEREST-ONLY NOTES AND BONDS

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Final maturity one year or less</td>
<td>N/A</td>
<td>99% (market value)</td>
<td>99% (market value)</td>
</tr>
<tr>
<td>B. Final maturity greater than one year but not greater than five years</td>
<td>N/A</td>
<td>97% (market value)</td>
<td>97% (market value)</td>
</tr>
<tr>
<td>C. Final maturity greater than five years</td>
<td>N/A</td>
<td>90% (market value)</td>
<td>76% (market value)</td>
</tr>
<tr>
<td><strong>CLASS B</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Includes both original issue zero-coupon bonds and principal-only or interest-only STRIPS (Separate Trading of Registered Interest and Principal of Securities).

### 7. FIXED RATE U.S. TREASURY NOTES AND BONDS

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Final maturity one year or less</td>
<td>N/A</td>
<td>99% (market value)</td>
<td>96% (market value)</td>
</tr>
<tr>
<td>B. Final maturity greater than one year but not greater than five years</td>
<td>N/A</td>
<td>98% (market value)</td>
<td>93% (market value)</td>
</tr>
<tr>
<td>C. Final maturity greater than five years</td>
<td>N/A</td>
<td>94% (market value)</td>
<td>81% (market value)</td>
</tr>
</tbody>
</table>
Collateral Type: **II. Securities**  

### 8. Floating Rate U.S. Treasury Notes and Bonds

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td>Class B</td>
</tr>
<tr>
<td>A. Reprices annually or more often</td>
<td>N/A</td>
<td>99% (market value)</td>
<td>99% (market value)</td>
</tr>
<tr>
<td>B. Reprices less often than annually</td>
<td>N/A</td>
<td>99% (market value)</td>
<td>96% (market value)</td>
</tr>
</tbody>
</table>

### 9. Fixed Rate Agency Principal-Only and Interest-Only Notes and Bonds

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td>Class B</td>
</tr>
<tr>
<td>A. Final maturity one year or less</td>
<td>N/A</td>
<td>99% (market value)</td>
<td>98% (market value)</td>
</tr>
<tr>
<td>B. Final maturity greater than one year but not greater than five years</td>
<td>N/A</td>
<td>97% (market value)</td>
<td>91% (market value)</td>
</tr>
<tr>
<td>C. Final maturity greater than five years</td>
<td>N/A</td>
<td>92% (market value)</td>
<td>74% (market value)</td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Includes both original issue zero-coupon bonds and principal-only or interest-only STRIPS.
## II. Securities

### 10. FIXED RATE AGENCY NOTES AND NON-STRUCTURED BONDS

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>A. Final maturity one year or less</td>
<td>N/A</td>
<td>98% (market value)</td>
<td>96% (market value)</td>
</tr>
<tr>
<td>B. Final maturity greater than one year but not greater than five years</td>
<td>N/A</td>
<td>97% (market value)</td>
<td>91% (market value)</td>
</tr>
<tr>
<td>C. Final maturity greater than five years</td>
<td>N/A</td>
<td>94% (market value)</td>
<td>80% (market value)</td>
</tr>
</tbody>
</table>

### 11. FLOATING RATE AGENCY NOTES AND BONDS

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>A. Reprices annually or more often</td>
<td>N/A</td>
<td>98% (market value)</td>
<td>96% (market value)</td>
</tr>
<tr>
<td>B. Reprices less often than annually</td>
<td>N/A</td>
<td>98% (market value)</td>
<td>96% (market value)</td>
</tr>
</tbody>
</table>
Collateral Type: II. Securities  Continued

12. FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR NATIONAL CREDIT UNION ADMINISTRATION (NCUA) GUARANTEED NOTES

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>N/A</td>
<td>94% (market value)</td>
<td>94% (market value)</td>
</tr>
</tbody>
</table>

13. PRIVATE ISSUE CMOs

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
</tbody>
</table>

A. Securities rated AAA

- Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A
  - N/A
  - 91% (market value)
  - 91% (market value)
  - 83% (market value)

- Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A
  - N/A
  - 88% (market value)
  - 88% (market value)
  - 68% (market value)

B. Securities rated AA

- Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A
  - N/A
  - 89% (market value)
  - 89% (market value)
  - 81% (market value)

- Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A
  - N/A
  - 84% (market value)
  - 84% (market value)
  - 63% (market value)

Underwriting Requirements

1. Must be backed by the full faith and credit of the U.S. Government.

Underwriting Requirements

1. Securities’ underlying cash flows must be derived from Fully Disbursed, whole first mortgages on one-to-four family residential real property. This includes REMICs but excludes residual, support, subordinated, junior, inverse floaters, mezzanine, structured, complex or Z tranches;

2. Securities’ underlying loan collateral cannot be secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

3. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy;

4. Securities’ underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007; and

5. Securities must be successfully modeled by FHLBank, with no projected cash flow shortfalls produced from the modeling.
### Underwriting Requirements

1. Securities’ underlying cash flows must be derived from Fully Disbursed, whole first mortgages on one-to-four family residential real property;

2. Securities’ underlying loan collateral cannot be secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

3. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy;

4. Securities’ underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007; and

5. Securities must be successfully modeled by FHLBank, with no projected cash flow shortfalls produced from the modeling.

### 14. Private Issue Residential Mortgage Pass-Through Securities

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Securities rated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAA</td>
<td>N/A</td>
<td>91% (market value)</td>
<td>91% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>83% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td>88% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>68% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td>89% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>81% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td>84% (market value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>63% (market value)</td>
</tr>
</tbody>
</table>

| **B. Securities rated** |                             |                                   |                                   |
| AA                     | N/A                         | 89% (market value)                | 81% (market value)                |
|                        |                             |                                   | 81% (market value)                |
|                        | N/A                         | 84% (market value)                | 63% (market value)                |
|                        |                             |                                   | 63% (market value)                |
Collateral Type: **II. Securities**

**15. OTHER PRIVATE ISSUE CMOs**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>N/A</td>
<td>Case-by-Case</td>
<td>Case-by-Case</td>
</tr>
</tbody>
</table>

**16. COMMERCIAL MORTGAGE BACKED SECURITIES**

**100% DEFEASED**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>N/A</td>
<td>92% (market value)</td>
<td>78% (market value)</td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Securities must be rated AA or better;
2. Securities’ underlying cash flows must be derived from mortgages on one-to-four family, multifamily residential real property or collateral identified under Category IV (including support, inverse floaters and mezzanine tranches);
3. Securities’ underlying loan collateral cannot be secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;
4. Securities’ underlying loan collateral cannot violate FHLBank’s Anti-Predatory Lending Policy;
5. Securities’ underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risk, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007; and
6. Securities must be successfully modeled by FHLBank, with no projected cash flow shortfalls produced from the modeling.

**Underwriting Requirements**

1. Securities must be rated at least equivalent to the U.S. Government;
2. Securities’ underlying cash flows have been defeased by U.S. Treasury or Agency securities; and
3. Securities’ underlying loan collateral cannot be secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011.
Collateral Type: II. Securities  

**17. COMMERCIAL MORTGAGE BACKED SECURITIES LESS THAN 100% DEFEASED**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>A. Securities rated AAA</td>
<td>N/A</td>
<td>88% (market value*)</td>
</tr>
<tr>
<td>B. Securities rated AA</td>
<td>N/A</td>
<td>79% (market value*)</td>
</tr>
</tbody>
</table>

* Maximum lending value on a single asset/single borrower CMBS is limited to $75 million.

**Underwriting Requirements**

1. Securities must be rated AA or better;
2. Securities’ underlying cash flows must be derived from mortgages on multifamily residential real property or collateral identified under Category IV. This excludes residual, support, subordinated, junior, inverse floaters, mezzanine, structured, complex or Z tranches;
3. Securities’ underlying loan collateral cannot be secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011; and
4. Securities must be successfully modeled by FHLBank, with no projected cash flow shortfalls produced from the modeling.

**18. COMMERCIAL MORTGAGE BACKED SECURITIES LESS THAN 100% DEFEASED**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>A. Securities rated AAA</td>
<td>N/A</td>
<td>83% (market value*)</td>
</tr>
<tr>
<td>B. Securities rated AA</td>
<td>N/A</td>
<td>79% (market value*)</td>
</tr>
</tbody>
</table>

* Maximum lending value on a single asset/single borrower CMBS is limited to $75 million.
Collateral Type: **II. Securities**  

**19. SECURITIES FULLY GUARANTEED BY THE SMALL BUSINESS ADMINISTRATION (SBA)**

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td>Class B</td>
</tr>
<tr>
<td>A. Final maturity one year or less</td>
<td>N/A</td>
<td>98% (market value)</td>
<td>96% (market value)</td>
</tr>
<tr>
<td>B. Final maturity greater than one year but not greater than five years</td>
<td>N/A</td>
<td>97% (market value)</td>
<td>91% (market value)</td>
</tr>
<tr>
<td>C. Final maturity greater than five years</td>
<td>N/A</td>
<td>94% (market value)</td>
<td>80% (market value)</td>
</tr>
</tbody>
</table>

**20. STUDENT LOAN ASSET BACKED SECURITIES**

<table>
<thead>
<tr>
<th></th>
<th>Blanket (QCD) Lending Value</th>
<th>Delivered (Limited) Lending Value</th>
<th>Delivered (Expanded) Lending Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
<td>Class B</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>96% (market value)</td>
<td>91% (market value)</td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Securities must be rated AAA by at least two independent rating agencies;
2. Securities underlying cashflows must be derived from Federal Family Education Loan Program (FFELP) loans which have at a minimum 97% guarantee under the FFELP; and
3. Securities underlying loan collateral must be Fully Disbursed, no revolving lines.
Collateral Type: **II. Securities**  

### Underwriting Requirements

1. Securities must be rated AA or better;
2. Prospectus must provide a detailed breakdown on the amount of bond proceeds used for real estate related purposes; and
3. The amount eligible will be limited to the proportion of bond proceeds used for real estate related purposes.

#### 21. State and Local Government Securities

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Case-by-Case</td>
<td>Case-by-Case</td>
</tr>
</tbody>
</table>

#### 22. Mutual Funds

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Case-by-Case</td>
<td>Case-by-Case</td>
</tr>
</tbody>
</table>
Collateral Type: **III. Deposits**

<table>
<thead>
<tr>
<th>FHLBANK OVERNIGHT DEPOSITS AND CDs</th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>100% (face amount)</td>
<td>100% (face amount)</td>
<td>100% (face amount)</td>
</tr>
</tbody>
</table>
Collateral Type: **IV. Other Real Estate-Related Collateral – Potential for Assets to Be Considered Restricted Collateral**

Restricted collateral includes Categories IV and V collateral for institutions pledging collateral via the Blanket (QCD) Lending Value Reporting template. The aggregate amount of restricted collateral is limited to 25% of an institution’s total assets. Category IV and V collateral is NOT considered restricted collateral for institutions pledging collateral via the Delivered (Limited) Lending Value or Delivered (Expanded) Lending Value Reporting templates. Blanket Pledge Members must exhaust all other eligible loan collateral before pledging Category IV or V collateral even when delivering loan collateral to FHLBank.

### 1. AGRICULTURAL REAL ESTATE

<table>
<thead>
<tr>
<th></th>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A</strong></td>
<td></td>
<td><strong>CLASS B</strong></td>
<td></td>
</tr>
<tr>
<td>61% (unpaid principal)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $50 million.

### Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by agricultural property located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;

2. Fully Secured:
   a. Loan-to-value ratios cannot exceed 85% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note;
   c. The mortgage and/or deed of trust and all other subsequent assignments must show evidence of proper recording with the recorder’s office.

3. First lien position (as evidenced by title insurance policy or title opinion);

4. Fully Disbursed (closed-end loans only; no revolving lines of credit);

5. Wholly Owned;

6. Term to maturity cannot exceed 360 months;

7. No land development loans;

8. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

9. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

10. No loans secured by property to be used for any marijuana-related business (MRB);

11. No Lease Loans;

12. No leasehold estates;

13. Within legal lending limit;

14. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

15. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

(continued on next page)
Collateral Type: **IV. Other Real Estate-Related Collateral**

### Underwriting Requirements (continued from previous page)

16. Amortization:
   a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 18 months or less; or
   b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;

17. No loans guaranteed under any U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) Guaranteed Farm Loan Program;

18. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

19. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

20. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

### Underwriting Requirements

1. Loans must be secured by real estate;
   a. Loans must be secured by commercial property located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained.

2. Fully Secured:
   a. Loan-to-value ratio:
      i. Blanket Pledge Members’ (excluding non-depository CDFI Members) loan-to-value ratios cannot exceed 85% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 [$500,000 for loans originated on or after April 9, 2018]) or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines;
      ii. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loan-to-value ratios cannot exceed 70% and, if applicable, the combined loan-to-value ratios cannot exceed 80% (appraiser must have MAI designation);
   b. Debt Service Coverage Ratio (DSCR):
      i. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ DSCR must equal or exceed 1.00;
      ii. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ DSCR must equal or exceed 1.25 and updated no less than annually. Lower DSCRs may be accepted if loan is fully amortizing over a shorter time period (less than 20 years);
   c. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loans must be secured by properties that have a contractual payment stream (includes only office, retail and industrial, however excludes any Special Purpose Property);
   d. The mortgage amount must equal or exceed outstanding principal amount of the note; and
   e. The mortgage and/or deed of trust and all subsequent assignments must show

---

**1. AGRICULTURAL REAL ESTATE**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td></td>
<td><strong>61%</strong> (unpaid principal)</td>
<td><strong>61%</strong> (market value*)</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $50 million.

**2. COMMERCIAL REAL ESTATE**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td></td>
<td><strong>65%</strong> (unpaid principal)</td>
<td><strong>65%</strong> (market value*)</td>
</tr>
<tr>
<td></td>
<td><strong>65%</strong> (market value*)</td>
<td><strong>61%</strong> (market value*)</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $75 million.
Collateral Type: **IV. Other Real Estate-Related Collateral**

### Underwriting Requirements (continued from previous page)

- evidence of proper recording with the recorder’s office;
- First lien position (as evidenced by title insurance policy or title opinion);
- Fully Disbursed (closed-end loans only; no revolving lines of credit);
- Wholly Owned;
- Term to maturity cannot exceed 360 months;
- No commercial land development loans (including vacant land);
- No construction or rehabilitation loans;
- No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;
- No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;
- No loans secured by property to be used for any MRB;
- No loans secured by real estate that exhibit adverse environmental factors (i.e., gas/service stations, auto repair, auto dealerships or industrial sites that process or distribute toxic chemical substances or mixtures), unless supported, at a minimum, by a Phase I Environmental Site Assessment concluding that no further assessment is warranted;
- No Lease Loans;
- No leasehold estates;
- Within legal lending limit for Blanket Pledge Members;
- Delinquency:
  - a. Blanket Pledge Members’ (excluding non-depository CDFI Members) loans cannot be more than 60 days delinquent;
  - b. Specific Pledge Members’, non-depository CDFI Members’ and housing associates’ loans cannot be more than 60 days delinquent anytime in the past 12 months;
  - c. Delinquency reports may be required to be submitted to FHLBank;
- Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);
- No negative amortization or interest only loans;
- Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;
- Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and
- Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

### Collateral Type: 2. COMMERCIAL REAL ESTATE

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td></td>
<td>65% (unpaid principal)</td>
<td>65% (market value*)</td>
</tr>
<tr>
<td></td>
<td>65% (market value*)</td>
<td>64% (market value*)</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $75 million.
Collateral Type: IV. Other Real Estate-Related Collateral

3. SECOND MORTGAGES ON RESIDENTIAL ONE-TO-FOUR FAMILY PROPERTY

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
<td>Class B</td>
</tr>
<tr>
<td>68% (unpaid principal)</td>
<td>68% (market value*)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must be secured by real estate;
   a. Loans must be secured by second mortgages on one-to-four family dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained.

2. Fully Secured:
   a. Aggregate loan-to-value ratio of the first and second lien cannot exceed 100% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule, with the exception of an AVM, which are not eligible);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office.

3. Second lien position (as evidenced by title insurance policy or title opinion);

4. Fully Disbursed (closed-end loans only, no revolving lines of credit);

5. Wholly Owned;

6. Term to maturity cannot exceed 360 months;

7. No Sub-prime loans;

8. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

9. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

10. No Lease Loans;

11. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

12. No loans that violate FHLBank’s Anti-Predatory Lending Policy;

13. Loans originated or acquired after July 10, 2007 must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;

14. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

15. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

(continued on next page)
Collateral Type: IV. Other Real Estate-Related Collateral

Underwriting Requirements (continued from previous page)

16. No negative amortization loans;

17. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

18. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

19. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by a first or second mortgage on one-to-four family dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained.

2. Fully Secured:
   a. Aggregate loan-to-value ratio of the first and second lien cannot exceed 100% (maximum credit line shall be used in determining loan-to-value on HELOCs and appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule, with the exception of an AVM, which are not eligible);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office.

3. First or second lien position (as evidenced by title insurance policy or title opinion);

4. Wholly Owned;

5. Term to maturity cannot exceed 360 months;

6. No Sub-prime loans;

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### 3. Second Mortgages on Residential One-to-Four Family Property

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
<th>CLASS A</th>
<th>CLASS B</th>
</tr>
</thead>
<tbody>
<tr>
<td>68% (unpaid principal)</td>
<td>68% (market value*)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $10 million.

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### 4. Home Equity Lines of Credit (HELOCs)

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
<th>CLASS A</th>
<th>CLASS B</th>
</tr>
</thead>
<tbody>
<tr>
<td>68% (unpaid principal)</td>
<td>68% (market value*)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $10 million.
Collateral Type: **IV. Other Real Estate-Related Collateral**

### 4. HOME EQUITY LINES OF CREDIT (HELOCs)

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>68% (unpaid principal)</td>
<td>68% (market value*)</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $10 million.

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**Underwriting Requirements** *(continued from previous page)*

7. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

8. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

9. No Lease Loans;

10. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

11. No loans that violate FHLBank’s Anti-Predatory Lending Policy;

12. Loans originated or acquired after July 10, 2007 must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;

13. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

14. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

15. No negative amortization loans;

16. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

17. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

18. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).
Collateral Type: IV. Other Real Estate-Related Collateral

Underwriting Requirements

1. Single-Closing Construction-to-Permanent and Two-Closing Construction-to-Permanent loans must be secured by real estate;
   a. Loans must be secured by construction of one-to-four family dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained.

2. Fully Secured:
   a. Loan-to-value ratios cannot exceed 100% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule, with the exception of an AVM, which are not eligible);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;

3. First lien position (as evidenced by title insurance commitment/policy or title opinion);

4. Wholly Owned;

5. No spec loans (loans must have contract/commitment for sale or rent);

6. No residential land development loans (including vacant land);

7. No Sub-prime loans;

8. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

9. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

10. No Lease Loans;

11. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

12. No loans that violate FHLBank’s Anti-Predatory Lending Policy;

(continued on next page)
Collateral Type: **IV. Other Real Estate-Related Collateral**

### Underwriting Requirements (continued from previous page)

13. Loans originated or acquired after July 10, 2007, must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;

14. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

15. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

16. Amortization:
   a. Note structure requires interest-only or principal payments;
   b. Negative amortization is not permitted;
   c. The maximum period of an initial advance may not exceed 12 months and the total term may not exceed 18 months;
   d. The loan requires a minimum of one credit review during the 18-month term.

17. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

18. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

19. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

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<table>
<thead>
<tr>
<th>5. RESIDENTIAL CONSTRUCTION MORTGAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BLANKET (QCD) LENDING VALUE</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
</tr>
<tr>
<td>63% (unpaid principal)</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $10 million.
Collateral Type: **IV. Other Real Estate-Related Collateral**

### Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by construction of multifamily dwelling units located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;

2. Fully Secured:
   a. Loan-to-value ratios cannot exceed 85% (appraisals and evaluations are in compliance with or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines, as amended by final rule);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office;

3. First lien position (as evidenced by title insurance commitment/policy or title opinion);

4. Wholly Owned;

5. No residential/commercial land development loans (including vacant land);

6. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

7. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

8. No Lease Loans;

9. Loans on property subject to a leasehold must be on a Qualifying Leasehold;

10. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

11. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

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*S Maximum lending value on individual loan is limited to $75 million.

### 6. MULTIFAMILY CONSTRUCTION MORTGAGES

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>55% (unpaid principal)</td>
<td>55% (market value*)</td>
<td>N/A</td>
</tr>
<tr>
<td>Class A</td>
<td>Class B</td>
<td></td>
</tr>
</tbody>
</table>

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*(continued on next page)*
Collateral Type: **IV. Other Real Estate-Related Collateral**

### Underwriting Requirements (continued from previous page)

12. Amortization:
   a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 24 months or less; or
   b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;

13. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

14. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank;

15. Not pledged in whole or in part to other creditor(s) or in any other FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

### Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by construction of commercial property located in the U.S.; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;

2. Fully Secured:
   a. Loan-to-value ratios cannot exceed 85% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 [$500,000 for loans originated on or after April 9, 2018] or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder’s office;

3. First lien position (as evidenced by title insurance commitment/policy or title opinion);

(continued on next page)
Collateral Type: **IV. Other Real Estate-Related Collateral**

<table>
<thead>
<tr>
<th>7. COMMERCIAL CONSTRUCTION MORTGAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BLANKET (QCD) LENDING VALUE</strong></td>
</tr>
<tr>
<td>CLASS A</td>
</tr>
<tr>
<td>55% (unpaid principal)</td>
</tr>
</tbody>
</table>

* Maximum lending value on individual loan is limited to $75 million.

**Underwriting Requirements (continued from previous page)**

4. Wholly Owned;

5. No residential/commercial land development loans (including vacant land);

6. No loans secured by property subject to a lien granted to a locality pursuant to an energy retrofit program, including programs denominated as PACE programs that takes priority over the first mortgage;

7. No loans secured by property subject to Private Transfer Fee covenants that were created on or after Feb. 8, 2011;

8. No loans secured by property to be used for any MRB;

9. No loans secured by real estate that exhibit adverse environmental factors (i.e. gas/service stations, auto repair, auto dealerships or industrial sites that process or distribute toxic chemical substances or mixtures), unless supported, at a minimum, by a Phase I Environmental Site Assessment concluding that no further assessment is warranted;

10. No Lease Loans;

11. No leasehold estates;

12. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

13. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);

14. Amortization:
   a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 24 months or less; or
   b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;

15. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;

16. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and

17. Not pledged in whole or in part to other creditor(s) or in any other FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).
Collateral Type: **IV. Other Real Estate-Related Collateral**

**8. NON-LEAD LENDER PARTICIPATION LOANS**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>Applicable asset classification lending value decreased by an additional 10%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**9. OTHER REAL ESTATE-RELATED PROPERTY**

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>Case-by-Case</td>
<td>Case-by-Case</td>
<td>Case-by-Case</td>
</tr>
</tbody>
</table>

**Underwriting Requirements**

1. Loans must be secured by one-to-four family residential real property, multifamily residential real property, agricultural real estate or commercial real estate;

2. Loans must meet the underwriting requirements established for the asset classification as stated in the Member Products Policy, except for the underwriting requirements requiring the loan to be Wholly Owned and retention of the original note;

3. The Participation Agreement must have “wet” signatures from all parties and the original document must be retained;

4. Lead lender must be a Member of FHLBank Topeka; and

5. Prior to pledging, FHLBank must have on file an FHLBank Participation Security Agreement executed by the Member and an FHLBank Participation Acknowledgment of Custody executed by the Member and the lead lender.

**Underwriting Requirements**

Specific collateral will be reviewed on a Case-by-Case basis, and prior approval must be granted by FHLBank senior management.
Collateral Type: **V. Other Collateral – Potential for Assets to Be Considered Restricted Collateral**

Restricted collateral includes Categories IV and V collateral for institutions pledging collateral via the Blanket (QCD) Lending Value Reporting template. The aggregate amount of restricted collateral is limited to 25% of an institution's total assets. Category IV and V collateral is NOT considered restricted collateral for institutions pledging collateral via the Delivered (Limited) Lending Value or Delivered (Expanded) Lending Value Reporting templates. Blanket Pledge members must exhaust all other eligible loan collateral before pledging Category IV or V collateral even when delivering loan collateral to FHLBank.

### Underwriting Requirements

1. **Loans must be Fully Secured:**
   a. Loans must be secured by crops and/or livestock and/or in combination with Agriculture Real Estate located in the U.S.; Agriculture Real Estate must meet the FHLBank's eligibility requirements and there must be sufficient equity in the Agriculture Real Estate loan transaction to permit cross collateralization; and
   b. The note (including extensions, modification, assumption, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;
2. First lien position (as evidenced by UCC filing and Search);
3. Wholly Owned;
4. No loans secured by property to be used for any MRB;
5. No Lease Loans;
6. No Carryover Debt;
7. Within legal lending limit;
8. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
9. No loans guaranteed under any U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) Guaranteed Farm Loan Program;
10. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member's event of default;
11. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);
12. Amortization:
   a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 18 months or less; or
   b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;
13. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and
14. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).
Collateral Type: **V. Other Collateral**  

**Underwriting Requirements**

1. Loans must be Fully Secured;
2. Loans must be secured by equipment located in the U.S.; and
3. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have “wet” signatures from all borrowers and the original document must be retained;
4. First lien position (as evidenced by UCC filing or lien on title);
5. Fully Disbursed (closed-end loans only; no revolving lines of credit);
6. Wholly Owned;
7. No loans secured by property to be used for any MRB;
8. No Lease Loans;
9. No Carryover Debt;
10. Within legal lending limit;
11. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
12. Not classified as non-accrual, substandard, doubtful or loss by the Member or any regulator of the Member (Internal Watchlist may be required to be submitted to FHLBank);
13. No negative amortization or interest-only loans;
14. No loans guaranteed under any U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) Guaranteed Farm Loan Program;
15. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank’s ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a Member’s event of default;
16. Not originated to or assumed by any officer, director, attorney, employee or agent of the Member or FHLBank; and
17. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

### 2. EQUIPMENT LOANS-ELIGIBLE ONLY TO CFI MEMBERS

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>48% (unpaid principal)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>48% (market value)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**SCHEDULE OF ELIGIBLE COLLATERAL**
Collateral Type: **V. Other Collateral**

### Underwriting Requirements

1. Approval must be obtained from FHLBank prior to pledging;
2. Loans must be originated under the FFELP;
3. Loans must have at least a 97% guarantee under FFELP;
4. Fully Disbursed (no revolving lines of credit);
5. Wholly Owned;
6. Servicer must provide a copy of their annual independent public accountant’s examination as required under Section 3.8 of the FFELP Common Manual; and
7. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

### 3. Student Loans

<table>
<thead>
<tr>
<th>BLANKET (QCD) LENDING VALUE</th>
<th>DELIVERED (LIMITED) LENDING VALUE</th>
<th>DELIVERED (EXPANDED) LENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CLASS A</td>
<td>CLASS B</td>
</tr>
<tr>
<td>82% (guaranteed portion)</td>
<td>82% (guaranteed portion)</td>
<td>N/A</td>
</tr>
</tbody>
</table>
FHLBank supports the expansion of fair and equitable homeownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, and to protect FHLBank from potential liabilities, FHLBank has adopted the following Anti-Predatory Lending (APL) Policy with respect to residential mortgage loans and securities backed by residential mortgage loans pledged to it as collateral (Residential Mortgage Collateral) and residential mortgage loans delivered under the Mortgage Partnership Finance Program (MPF Program Loans).

FHLBank requires that Residential Mortgage Collateral and MPF Program Loans comply with applicable federal, state and local Anti-Predatory lending laws and other similar credit-related consumer protection laws, regulations and orders designed to prevent or regulate abusive and deceptive lending practices and loan terms (collectively, “Anti-Predatory Lending Laws”). For example, Anti-Predatory Lending Laws may prohibit or limit certain practices and characteristics, including, but not limited to the following:

— Requiring the borrower to obtain prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance;

— Requiring mandatory arbitration provisions with respect to dispute resolution in the loan documents; or

— Charging prepayment penalties for the payoff of the loan beyond the early years of such loan.

Any Residential Mortgage Collateral or MPF Program Loan that does not comply with all applicable Anti-Predatory Lending Laws will be ineligible as collateral to support advances or other activity with FHLBank or for purchase under the Mortgage Partnership Finance Program. Additionally, FHLBank will not give collateral value for any Residential Mortgage Collateral or purchase any MPF Program Loan that meets one or more of the following criteria:

— The annual interest rate and/or points and fees charged for the loan exceed the thresholds of the Home Equity Ownership Protection Act of 1994 (HOEPA) and its implementing regulations (Federal Reserve Board Regulation Z).

— The loan has been identified by a member’s primary federal regulator as possessing predatory characteristics.

— The loan includes prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance.
— The loan is subject to a predatory lending law deemed by one or more of the major credit rating agencies (Standard and Poor’s, Moody’s Investors Service, and/or Fitch Ratings) to impose unacceptable risks on investors, such that a security (or securities) in which the underlying collateral pool contains such loan will not be rated.

— The loan includes penalties in connection with the prepayment of the mortgage beyond the early years of the loan.

— The loan requires mandatory arbitration to settle disputes.

— In the case of Residential Mortgage Collateral, if the loan is located in a jurisdiction as “not ratable” in the Anti-Predatory Lending category (Exhibit A) of the MPF Guides.

— In the case of MPF Program Loans, if the loan fails to comply with any requirement of the Mortgage Partnership Finance Program relating to predatory lending, including, without limitation, Section 7.6 of the Program Guide as well as the Anti-Predatory Lending category (Exhibit A) of the MPF Guides.

Members (and their affiliates) and housing associates are responsible for avoiding all unlawful practices and terms prohibited by applicable Anti-Predatory Lending Laws, regardless of whether they originate or purchase the Residential Mortgage Collateral being pledged or the MPF Program Loans being sold to FHLBank. FHLBank will take those steps it deems reasonably necessary in order to confirm or monitor members’, affiliates’ and housing associates’ compliance with this policy.

In addition, FHLBank reserves the right to require evidence reasonably satisfactory to FHLBank that Residential Mortgage Collateral and MPF Program Loans do not violate applicable Anti-Predatory Lending Laws and this APL Policy. With respect to Residential Mortgage Collateral and MPF Program Loans purchased by the member, affiliate or housing associate, and then pledged or sold to FHLBank or otherwise delivered under the MPF Program, the member or housing associate is responsible for conducting due diligence that it deems sufficient to support its certification and indemnification agreements with FHLBank.

In addition to the terms and conditions of the FHLBank Advance, Pledge and Security Agreement and, for MPF Program Loans, the Participating Financial Institution Agreement (“PFI Agreement”), each member and housing associate must periodically execute a representa-
tion and warranty agreement with FHLBank that: (1) certifies its understanding and compliance with FHLBank’s APL Policy and all applicable Anti-Predatory Lending Laws; (2) certifies it will maintain qualifying collateral and will substitute eligible collateral for any Residential Mortgage Collateral, or repurchase any MPF Program Loan, that does not comply in all material respects with applicable Anti-Predatory Lending Laws or this APL Policy; and (3) agrees to indemnify, defend and hold FHLBank harmless from and against all losses, damages, claims, actions, causes of action, liabilities, obligations, judgments, penalties, fines, forfeitures, costs and expenses, including, without limitation, legal fees and expenses, that result from the pledge of any Residential Mortgage Collateral or the sale of any MPF Program Loan that does not comply in all material respects with applicable Anti-Predatory Lending Laws or this APL Policy.

FHLBank will not knowingly accept as eligible collateral or purchase any Residential Mortgage Collateral or MPF Program Loan that violates applicable Anti-Predatory Lending Laws or this APL Policy. If FHLBank knows or discovers that such Residential Mortgage Collateral or MPF Program Loan violates applicable Anti-Predatory Lending Laws or this APL Policy, FHLBank may, in addition to all available rights and remedies at law or in equity (1) require the member or housing associate to substitute eligible collateral, (2) value such Residential Mortgage Collateral at zero for collateral purposes, (3) require the member or housing associate to repurchase the affected loan, and (4) require the member or housing associate to undertake a review of its policies, practices and procedures for complying with Anti-Predatory Lending Laws and this APL Policy.
CREDIT PRODUCTS

LETTERS OF CREDIT
FHLBank will charge 1/8% per annum or a minimum of $125 for simple and straightforward arrangements on a letter of credit. A fee of 1/4% per annum or a minimum of $500 will be charged for confirming letters of credit where the purpose of the letter qualifies for FHLBank’s Community Cash Advance (CICA) programs (ex. enhancing a bond issue for moderate income housing or community development purposes). Fees for other letters of credit (ex. enhancing bond issues that do not qualify for FHLBank’s CICA programs) will be determined on a case-by-case basis. The minimum fee for these types of letters of credit will be 3/8% per annum or $500.

All fees will be prorated on an actual/365(6)-day basis for periods less than one year, subject to minimum fees. Institutions requesting a letter of credit in the amount of $5 million or more may elect to have the fee charged quarterly.

FHLBank will charge a $100 processing fee to the applicant for each draw on a letter of credit.

STANDBY CREDIT FACILITY
FHLBank will charge a non-refundable fee of 0.125% per annum of the standby credit facility amount or a minimum of $10,000. The fee will be charged on an actual/365(6)-day basis.

LATE ADVANCE PAYMENTS (PRINCIPAL AND INTEREST)
FHLBank may charge a Late Advance Payment fee of ½% of payments received after 4 p.m. CT.

TRANSFER FEE
With prior approval from FHLBank, a member or housing associate may transfer an advance or letter of credit to another Tenth District institution. The receiving entity is subject to FHLBank’s normal credit guidelines, and a $100 transfer fee will be charged to the transferrer.
### OTHER SERVICES

#### DEPOSIT SERVICES

**Demand Accounts**

- **Debit transactions**: $0.15/transaction
- **Credit transactions**: $0.15/transaction
- **Additional statements**: $5.00
- **Monthly maintenance fee**: $20.00/month
- **Federal Reserve Settlements**: $75.00/month

#### OVERDRAFTS

A minimum fee of $25 will be charged on all overdrawn accounts. Overdrawn accounts must be brought to a positive or $0 balance the same business day by wiring funds, transferring funds available in overnight or another demand deposit account or taking down an advance. The customer will be charged a fee of the greater of $25 or 4% per annum of the amount of the overdraft (in addition to any “negative interest” charged on the overdraft account).

#### WIRE TRANSFER | COIN AND CURRENCY | ACH | STOCK

- **Incoming wire transfers**: $4.00/wire
- **Outgoing wire transfers**: $6.00/wire
- **Outgoing foreign wire transfers**: $6.00/wire (additional fee)
- **Pass-through reserves**: No charge
- **Coin and currency**: $2.50/call
- **ACH settlement only**: $0.50/transaction
- **ACH returns**: $1.25/item
- **Fax for ACH files**: $1.75/day

#### SECURITY SAFEKEEPING TRANSACTION FEES (RECEIPT AND DELIVERY)

- **Federal Reserve book-entry securities**: $2.50
- **FRB reclaims and DKs**: $2.50
- **DTC securities**: $5.50
- **Physical securities**: $40.00
- **Euro/Cedel securities**: $75.00

**Payment Disbursal (per CUSIP)**

- **Federal Reserve Payment**
  - Fewer than 100 securities: $4.00
  - 100 to 200 securities: $3.50
  - More than 200 securities: $3.00

- **DTC and Physical Payment**
  - Fewer than 100 securities: $6.50
  - 100 to 200 securities: $6.00
  - More than 200 securities: $5.50

**Portfolio Security Transfer Fee**: $1.50

*Continued on next page*
Segregation and Pledge Activity Fees
Joint custody, pledges to third party, repo pledges, segregation and pledge releases $10.00

(Members and housing associates pledging securities to support outstanding credit obligations with FHLBank will not be charged a pledge activity fee.)

Monthly Account Maintenance Fees
(per CUSIP)
(includes claim processing audit verifications and access to account information via the Internet at no additional cost)

Federal Reserve Book-entry Securities
Fewer than 100 securities $5.00
100 to 200 securities $4.75
More than 200 securities $4.50

Other
Fewer than 100 securities $6.00
100 to 200 securities $5.75
More than 200 securities $5.50

In-house $0.25

Miscellaneous Fees
Registration or deregistration at cost

Postage and insurance at cost
Other expenses as incurred at cost

COLLATERAL
DELCIVERED COLLATERAL
Loans safekept at FHLBank, excluding Held-for-Sale mortgages:

- Initial loan review fee $4.00/loan
- Monthly maintenance fee $0.25/loan
- Loan release fee $4.00/loan
- Quarterly pricing fee* $40.00/loan

Held-for-Sale Mortgages:
(Loans on 1-4 family residential real property safekept at FHLBank or an FHLBank approved third-party custodian and priced by FHLBank’s third-party pricing vendor)

- Daily pricing fee* $0.90/loan

* Applicable only to loans priced by a third-party vendor (required for reporting collateral under the Delivered (Expanded) Lending Value).

FHLBank may charge a member or housing associate reasonable fees and costs incurred in connection with the review, appraisal and perfection of pledged collateral. Travel expenses may be charged to the member or housing associate for inspection of property outside FHLBank’s district.
Fees

Continued

Collateral Verification
FHLBank will charge a member or housing associate an hourly fee of $125 per reviewer for onsite time, or a minimum fee of $500 for collateral verifications.

Collateral Review

Loans
Members or housing associates requesting FHLBank to accept case-by-case loan collateral will be charged an up-front review fee of $500 per asset request. Collateral that requires loan documentation review will be charged an additional hourly fee of $125. Fees will be charged regardless of FHLBank’s decision to accept the case-by-case collateral as eligible collateral.

Securities
Case-by-case securities collateral will be charged a fee of $125 per security. State and local securities that have been issued to refund previously issued securities will be charged based on the total number of refunded securities. Fees will be charged regardless of FHLBank’s decision to accept the case-by-case collateral as eligible collateral.

Waivers
FHLBank senior management may waive fees related to collateral, provided the waiver is similarly applied to all members and housing associates.

Capital Stock

Capital Stock Fees
A member may cancel a request to redeem capital stock. However, the member’s DDA will be charged a Redemption Request Cancellation fee of 1.0% of the par value of Class A Common Stock plus an increasing percentage of the par value of Class B Common Stock equal to 1.0% if cancelled in the first year of the redemption period, 2.0% if cancelled in the second year, 3.0% if cancelled in the third year, 4.0% if cancelled in the fourth year, and 5.0% if cancelled in the fifth year.
**LENDING**
FHLB.Lending@fhlbtopeka.com

800.809.2733 | FAX: 785.234.1723

**PRODUCT ADMINISTRATION**
FHLB_ProdAdmin@fhlbtopeka.com

785.438.6049 | FAX: 785.438.6181

**MORTGAGE PARTNERSHIP FINANCE® PROGRAM**
mpfmail@fhlbtopeka.com

866.571.8171 | FAX: 785.438.6181

**MPF HELPDESK**
mpf-help@fhlc.com

877.463.6673

**HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS**

866.571.8155 | FAX: 785.234.1765

**DEPOSIT SERVICES/CAPITAL STOCK**

800.809.2733 | FAX: 785.234.1723

**WIRE SERVICES**

800.934.9473 | FAX: 785.234.1795

**FINANCIAL SERVICES**
FinancialServices@fhlbtopeka.com

877.933.7803 | FAX: 785.234.1790 or 785.234.1794

**SALES**

800.933.2988 | FAX: 785.234.1700

**CAPITAL MARKETS**

800.933.5427 | FAX: 785.234.1796

**FHLBANK’S WEBSITE MEMBERS ONLY**
www.fhlbtopeka.com

800.809.2733
The prepayment fee is the present value (discounted at the reference rate) of the difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.

**CALCULATION OF PREPAYMENT FEE**

The prepayment fee will be computed as the present value of an annuity in the following manner:

\[
PV = \frac{\frac{1}{(1+\frac{R}{N_1})^{N_2}}} {R/N_1} \times \text{Payment}
\]

- **PV** = Present value or prepayment fee
- **Payment** = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate
- **R** = Reference rate, which is the effective yield of an FHLBank obligation having the closest remaining maturity and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.
- **N_1** = Number of times interest is paid per year
- **N_2** = Number of interest payments remaining to maturity

*An example follows on the next page.*

*Continued on next page*
**SPECIFIC BORROWING INFORMATION**

- Dollar amount borrowed: $1,000,000
- Advance rate: 3.25%
- Original term: 60 months
- Remaining term on prepayment date: 24 months
- Effective yield on two-year FHLBank obligation: 2.797%
- Prepayment frequency (N1): 12 (advance pay interest monthly)
- Difference in rate: 0.00453
  \[
  \frac{(0.0325 - 0.02797)}{12} = 0.00453
  \]
- Term (N₂): 24 months
- Payment: $377.75*

\[
\text{Present Value (fee paid to FHLBank): } 8,807.14
\]

\[
P.V. = \frac{1}{\left(\frac{1}{1 + \frac{0.02797}{12}}\right)^{24}} \times 377.75
\]
Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying swap used to hedge the advance that applies directly to the amount of the advance being prepaid) and equals the present value of the advance spread of 0.0X% (held constant over the remaining life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from the termination of the underlying swap used to hedge the advance. Any net benefit associated with prepayment will be paid by FHLBank and will be limited to 10 percent of the advance principal balance.

**CALCULATION OF PREPAYMENT FEE (ESTIMATION ONLY)**

The prepayment fee will be computed based on the actual cost or benefit of unwinding the underlying swap as well as the present value of the spread on the advance. The examples below illustrate an estimate of the prepayment fee in both a decreasing and rising rate environment.

\[
PV = \frac{\left[1-\frac{1}{(1+R/N_1)^{N_2}}\right]}{R/N_1} \times \text{Payment}
\]

- **PV** = Present value or prepayment fee estimate
- **Payment** = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate
- **R** = Reference rate, is the effective yield of the current swap rate having the closest remaining maturity to the advance that is being prepaid. If the reference rate is greater than the rate on the advance, a potential gain could be realized.
- **N_1** = Number of times interest is paid per year
- **N_2** = Number of interest payments remaining to maturity

*An example follows on the next two pages.*

Continued on next page
Prepayment Example for Symmetrical Fixed Rate Advances

**DECREASING RATE ENVIRONMENT**

- Dollar amount borrowed: $2,500,000
- Advance rate: 2.00%
- Original term: 60 months
- Remaining term on prepayment date: 24 months
- Effective yield on two-year swap rate (R): 0.53%
- Prepayment frequency (N1): 12 (advance pay interest monthly)
- Difference in rate: 1.47% (2.00%-0.53%)
- Term (N2): 24 months
- Payment: $3,062.50

\[
PV = \frac{1}{\left(1 + \frac{.0053}{12}\right)^{24}} \times \left(\frac{.0200 - .0053}{12}\right) \times 2,500,000 = 73,095.77
\]

Present Value (fee paid to FHLBank): $73,095.77

Continued on next page
Prepayment Example for Symmetrical Fixed Rate Advances

RISING RATE ENVIRONMENT

Dollar amount borrowed: $2,500,000
Advance rate: 2.00%
Original term: 60 months
Remaining term on prepayment date: 24 months
Effective yield on two-year swap rate (R): 2.53%
Prepayment frequency (N1): 12 (advance pay interest monthly)
Difference in rate: -0.53% (2.00%-2.53%)
Term (N2): 24 months
Payment: ($1,104.17)

*2,500,000 x \[
\frac{(0.0200 - 0.0253)}{12}\]

= ($1,104.17)

Present Value (gain paid to borrower): ($25,814.20)
Amount paid to the borrower is limited to 10% of the advance principal balance.
The prepayment fee is the present value (discounted at the reference rate) of the difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows that would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

**CALCULATION OF PREPAYMENT FEE**

The prepayment fee will be computed as the present value of an annuity in the following manner:

\[
PV = \frac{1}{(1+\frac{R}{N_1})^{N_2}} \times \text{Payment} \times \frac{R}{N_1}
\]

**PV** = Present value or prepayment fee  
**Payment** = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate  
**R** = Reference rate, which is the internal rate of return that equates the principal balance of the advance with the future cash flows that would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.  
**N_1** = Number of times interest is paid per year  
**N_2** = Number of interest payments remaining to maturity  

*An example follows on the next page.*
Prepayment Example for Amortizing Advances

SPECIFIC BORROWING INFORMATION

Dollar amount borrowed: $250,000
Advance rate: 4.231%
Original term: 10 years (issued 1/27/04)
Structure of principal payments: Equal semiannual principal payments in the amount of $12,500
Remaining term on prepayment date: Approximately 5 years (prepayment date 1/12/09)
Remaining unpaid principal balance on prepayment date: $125,000
Internal rate of return on FHLBank obligation: 2.208% (based on the remaining principal payments)
Interest payment frequency (N1): 12
Maturity date: 1/27/14

<table>
<thead>
<tr>
<th>Principal Payment Dates</th>
<th>Principal Payment</th>
<th>Term (N1)</th>
<th>Payment*</th>
<th>Present Value</th>
</tr>
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<tbody>
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<td>$21.07</td>
<td>$242.43</td>
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<td>$364.39</td>
</tr>
<tr>
<td>01/01/11</td>
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<td>$21.07</td>
<td>$487.01</td>
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<td>$1,075.07</td>
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<td>6.052603</td>
<td>$21.07</td>
<td>$1,205.95</td>
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</table>

*$12,500 x (0.04231 - 0.02208) = $21.07

Present Value (fee paid to FHLBank): $6,629.03
Prepayment is permitted in full or in part. Prepayment permitted on rate reset dates with one business day notice and equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate is the effective yield of a similarly indexed advance having the closest remaining maturity to the advance being prepaid on the date of prepayment. If the reference rate is greater than the rate on the advance, no fee is charged.

**CALCULATION OF PREPAYMENT FEE**

The prepayment fee will be computed as the present value of an annuity in the following manner:

\[ PV = \frac{1}{(1+\frac{R}{N_1})^{N_2}} \times \text{Payment} \]

\[ PV = \text{Present value or prepayment fee} \]

\[ \text{Payment} = \text{Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant.} \]

\[ R = \text{The reference rate for all adjustable rate advances is the effective yield of a similarly indexed advance having the closest remaining maturity to the advance being prepaid on the date of prepayment. If the reference rate is greater than the rate on the advance, no fee is charged.} \]

\[ N_1 = \text{Number of times interest is paid per year} \]

\[ N_2 = \text{Number of interest payments remaining to maturity} \]

* In the event that an adjustable rate index, such as SOFR or LIBOR, is suspended or unreliable, FHLBank may substitute an alternative benchmark index or adjust the spread to maintain the current yield or make the new rate economically neutral. FHLBank will provide the member notice as soon as practically possible and the effective date of any substitutions, adjustments or other changes.
**SPECIFIC BORROWING INFORMATION**

Dollar amount borrowed: $1,000,000

Advance rate: 0.55%

Original term: 24 months

Remaining term on prepayment date: 18 months

Effective yield on 18 month similarly indexed advance: 0.52%

Prepayment frequency (N1): 12 (advance pay interest monthly)

Difference in rate: .0003 (.0055-.0052)

Term (N2): 18 months

Payment: $25.00*

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*\( \frac{1}{1+\frac{.0052}{12}} \)^{18} \times \frac{.0055 - .0052}{12} = \$25.00

Present Value (fee paid to FHLBank): $447.75
Amortizing Advance Funding Strategy

Amortizing advances can be used to offset the interest rate risk of long-term loans made by member institutions. A match funding strategy matches the exact term, dollar amount, and principal payment schedule of the member’s loan to their customer, with an amortizing advance. The amortizing advance allows the member to lock in their liability cost and their spread on the transaction. Match funding works well when the member is certain that the loan will not prepay prior to its contractual maturity.
Amortizing Advance Funding Strategy

Amortizing advances can be used to offset a portion of the interest rate risk of long-term loans made by member institutions. The short funding strategy matches the dollar amount of the member’s loan to their customer, but the term of the advance is established based on the estimated average life of the customer’s loan versus the loan’s contractual maturity date. The short funding strategy decreases the member’s cost of funding and increases the spread on the transaction, while increasing the member’s exposure to funding costs in the latter term of the loan if the loan remained on their books until contractual maturity. The short funding strategy works well when members believe the loan will pay off prior to its contractual maturity.
Amortizing advances can be used to offset a portion of the interest rate risk of long-term loans made by member institutions. The blended funding strategy matches the exact term of the member’s loan to their customer, but funds a portion of the loan with an amortizing advance and a portion with the member’s deposits. The mix of funding depends upon the member’s risk tolerance and spread requirements. By weighting the funding mix toward advance funding the member is exposed to less interest rate risk and less spread on the transaction. Weighting the funding mix more heavily toward the member’s deposits increases the interest rate risk and spread, but provides a cushion to absorb early paydowns made on the loan.

<table>
<thead>
<tr>
<th>ASSET</th>
<th>ADVANCE</th>
<th>DEPOSIT COF</th>
<th>SPREAD IN BPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly</td>
<td>$750,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Rate: 4.225 % Principal: Monthly</td>
<td>2.000 %</td>
<td>258 initial 258 adv life 258 asset life</td>
</tr>
</tbody>
</table>
Fixed Rate Funding Strategy

Bullet advances, like amortizing advances, can be used to offset the interest rate risk of long-term loans made by member institutions. A bullet funding strategy uses strips of bullet advances to fund a large portion of the member's loan to their customer. The bullet strategy allows the member to lock in their liability costs and spread on the portion of the transaction funded with bullet advances. The portion of the customer's loan funded by deposits increases the overall spread on the transaction and provides a cushion to absorb additional or early principal paydowns by the customer. Additionally, members can incorporate call options on fixed rate bullet advances to further protect against prepayment risk.

### BULLET FUNDING

<table>
<thead>
<tr>
<th>ASSET</th>
<th>ADVANCE</th>
<th>DEPOSIT COF</th>
<th>SPREAD IN BPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly</td>
<td>Rate: 3.522 % 1yr: 1.72%, 276 adv life 2yr: 1.92%, 272 adv life 3yr: 2.34%, 268 adv life 5yr: 3.22%, 261 adv life 7yr: 4.01%, 258 adv life</td>
<td>2.000 %</td>
<td>279 initial 279 asset life</td>
</tr>
</tbody>
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