



COLLATERAL REPORTING AND LENDING VALUES

March 28, 2023 | 2 p.m. CT

To maximize your ability to hear the webinar, we're muting all participants. Please keep your line muted.

ABOUT THE PRESENTERS



ELAINE SHUMAKER | AVP, Financial Services Manager

Elaine joined FHLBank in 1987. She held various positions until 1999 when she was promoted to Safekeeping Manager. She now oversees Financial Services, which includes safekeeping and collateral operations.



Dedra Duran-Gray | VP, Director of Collateral and Safekeeping Operations

Dedra joined FHLBank in 2010 as a Senior Member Credit Risk Analyst. In 2017 she joined the Legal department and was primarily responsible for establishing FHLBank's Compliance department. In 2022 she was promoted to the Director of Collateral and Safekeeping Operations, which includes the collateral review and verification process.



GOALS

- Discuss the recent changes to the Member Products Policy and the timing of the changes
- Gain an understanding of the FHLBank Lending Value Process
- Demonstrate how to report collateral to the FHLBank
- Discuss how delivered collateral is released and returned to your institution
- Review where to find collateral forms and reports available to members



AGENDA:

- FHLBank's lending value process
- Effective dates for new lending values
- Other Member Products Policy changes impacting collateral
- Submitting a Qualifying Collateral Determination (QCD) form
- Pledging and releasing of delivered assets
- Collateral forms and reports
- Question and answer session



CREDIT AND COLLATERAL CHANGES

Lending Value Process – Lending Value changes

- Conducted at least annually
- Consists of up to four components
 - Volatility Factor
 - Liquidation Factor
 - Credit Factor
 - Model Risk Factor (Specific Pledge members only)
- Approved by FHLBank's Board of Directors on March 24, 2023
 - Securities and delivered loans effective April 3, 2023
 - Loan collateral reported via QCD effective when submitting the June 30th form



CREDIT AND COLLATERAL CHANGES

Lending Values

- Collateral Type: I. Loans (conventional mortgages, FHA-insured mortgages, VA-guaranteed mortgages, multifamily)
 - Conventional amortizing mortgages on one-to-four family residential real property – from 81% to 77%
 - Conventional interest only mortgages on one-to-four family residential real property – from 75% to 72%
 - FHA-insured and VA-guaranteed mortgages on one-to-four family residential real property
 - Less than 90 days delinquent from 92% to 87%
 - Greater than 90 days delinquent from 88% to 83%
 - Held for sale mortgages on one-to-four family residential real property (HFS SF)
 - HFS SF eligible to be sold to FNMA, FHLMC or GNMA – from 92% to 87%
 - HFS SF NOT eligible to be sold to FNMA, FHLMC or GNMA – from 81% to 77%



CREDIT AND COLLATERAL CHANGES

Lending Values

- Collateral Type: II. Securities
 - Most pledged security types
 - Agency residential mortgage pass-through securities – from 98% to 94%
 - Agency CMOs – from 97% to 96%
 - Agency-structured bonds – from 96% to 89%
 - Several other changes to securities lending values went down
- Collateral Type: III. Deposits (FHLBank overnight deposits and CDs)
 - No changes



CREDIT AND COLLATERAL CHANGES

Lending Values

- Collateral Type: IV. Other Real Estate Related Collateral
 - Agricultural real estate – from 66% to 72%
 - Commercial real estate - unchanged
 - Second mortgages on residential one-to-four family property – from 71% to 66%
 - Home Equity Lines of Credit (HELOCs) – from 71% to 66%
 - Residential construction mortgages – from 66% to 63%

- Collateral Type: V. Other Collateral – CFI Institutions Only
 - Operating loans – from 57% to 63%
 - Equipment loans – from 54% to 58%
 - Student loans – from 76% to 85%



CREDIT AND COLLATERAL CHANGES

Summary of Changes to Lending Values:

Based on pledging activity as of February 6, 2023, the following is an estimate of the total impact to lending values of pledge collateral. The overall change will be a decrease, with an approximate 2.8 percent decline in total lending value for membership.

Collateral Types within MPP	Current Lending Value (\$)	Proposed Lending Value (\$)	Lending Value Change (\$)	% Change
I. Loans	\$ 65,442,497,220.74	\$ 62,428,527,508.58	\$ (3,013,969,712.16)	-4.6%
II. Securities	\$ 15,161,169,215.49	\$ 14,730,354,453.90	\$ (430,814,761.59)	-2.8%
III. Deposits	\$ 71,050,000.00	\$ 71,050,000.00	\$ -	0.0%
IV. Other Real Estate Related Collateral	\$ 34,293,567,223.02	\$ 34,335,415,388.76	\$ 41,848,165.74	0.1%
V. Other Collateral	\$ 1,603,509,823.61	\$ 1,774,931,304.03	\$ 171,421,480.42	10.7%
TOTALS	\$ 116,571,793,482.86	\$ 113,340,278,655.27	\$ (3,231,514,827.59)	-2.8%



CREDIT AND COLLATERAL CHANGES

■ Trends of Lending Values for our Most Widely Pledged Asset Categories:

Lending Values by Year							
	'16 / '17	'17 / '18	'18 / '19	'19 / '20	'20 / '21	'21 / '23	'23 / '24
Loans:							
Single Falmily Real Estate - Conventional	79	79	80	78	79	81	77
Commercial Real Estate	66	64	64	64	63	65	65
Agriculture Real Estate	65	61	61	60	60	66	72
Multifamily Residential Mortgages	76	74	74	74	73	75	74
Securities:							
Agency (excluding MBS)	97	97	97	96	96	97	96
Agency MBS & Agency CMO's	97 / 96	96 / 96	97 / 97	97 / 97	97 / 96	98 / 97	94 / 96



OTHER CREDIT AND COLLATERAL CHANGES

Collateral Guideline Changes

- LIBOR Indexed Loans

No adjustable rate IBOR-indexed (including LIBOR) loans

Note date after December 31, 2021; or

U.S. dollar LIBOR tenors of 1-week or 2-months or all remaining IBOR tenors (overnight, 1-month, 3-month, 6-month and 12-month) without effective fallback language that remains IBOR-linked after June 30, 2023 (please refer to definition section for effective fallback language);

- Effective Fallback Language Definition

Language provided for in security offering documents or agreed to by the borrower which specifies how the replacement index will be determined in the event of the permanent cessation of IBOR; language granting the member with unilateral rights to make changes to the index, including but not limited to substituting a replacement reference rate and setting the appropriate spread adjustment as necessary; or covered under the Adjustable Interest Rate (LIBOR) Act enacted by Congress on March 15, 2022.



OTHER CREDIT AND COLLATERAL CHANGES

Collateral Guideline Changes

- Collateral Loan Listing Requirement

The FHLBank will require Blanket pledge members to report their loan collateral to the FHLBank using the Collateral Loan Listing – Limited template if the following condition is met:

- Non-Performing Assets:
 - Banks and Thrifts: Non-Performing Assets (excluding any government guaranteed loans) to Tier 1 Capital plus Loan Loss Reserves greater than 75 percent; or
 - Credit Unions: Non-Performing Assets to Net Worth plus Loan Loss Reserves greater than 55 percent.



AGREEMENT TYPES

Blanket Pledge

- Executes an Advance, Pledge and Security Agreement - Blanket Pledge
- Report loan collateral quarterly via the Qualifying Collateral Determination (QCD) form
- Blanket (QCD) Lending Value column in the Schedule of Eligible Collateral of the MPSG
- If delivery is required, utilize the Collateral Loan Listing – Limited template
- Represents 95% of our members

Specific Pledge

- Executes an Advance, Pledge and Security Agreement - Specific Pledge or Housing Associate
- Delivered (Expanded) Lending Value column in the Schedule of Eligible Collateral of the MPSG
- Class A for insurance companies domiciled in a state that has exemptions for FHLBank
- Class B for non-depository CDFIs, Housing Associates or insurance companies domiciled in a state that does not have exemptions for FHLBank
- Delivers loan collateral to FHLBank utilizing the Collateral Loan Listing – Expanded template
- Represents 5% of our members



QCD FORM

Preparing the data

- Review Schedule of Eligible Collateral guidelines
- Identify critical reports
- Remove ineligible loans
- Keep borrowing capacity and future borrowing needs in mind
- Submit QCD form within 45 calendar days after quarter-end



QCD FORM *(continued)*

Where to find it

- Members Only Portal

The screenshot displays the FHLBank Topeka Members Only portal. At the top, the navigation bar includes links for Contact, FHLBank Public Site, Logout, and a search icon. Below this, a horizontal menu lists various services: ADVANCES, LETTERS OF CREDIT, WIRES, COLLATERAL, SAFEKEEPING, CAPITAL STOCK, DEPOSITS, RATES, REPORTS, and RESOURCES. A dropdown menu is open under the 'REPORTS' link, showing options for Forms, QCD Form (highlighted with a red arrow), QCD Historical Reports, and Reports. The main content area is divided into several sections: 'Reports' with filters for Daily (selected) and Monthly, a date selector for 03/14/2023, and links for Advance Payments Due, General Activity Report, and Summary of Current; 'Daily Overnight Line of Credit Rate' showing a rate of 4.88% as of 03/14/2023 8:45:00 AM; 'Recent Activity' with a list of Confirmation Advance Issues dated 03/13/2023; 'Overnight Deposit Transfers' with a description of the service; 'Letters Of Credit' with a description of the service; and a central banner for the AMC 25th Annual. A 'More Reports' button is located at the bottom of the Reports section, and a 'More Documents' button is at the bottom of the Recent Activity section.

QCD FORM *(continued)*

QCD FORM

- QCD Online
Form and Guidelines
- QCD Hardcopy
Form and Guidelines
- Schedule of Eligible Collateral
- Amend a submitted QCD Form

Members Only

[Contact](#) [FHLBank Public Site](#) [AHP](#) [HSP](#) [Logout](#) 

[ADVANCES](#) [LETTERS OF CREDIT](#) [WIRES](#) [COLLATERAL](#) [SAFEKEEPING](#) [CAPITAL STOCK](#) [DEPOSITS](#) [RATES](#) [REPORTS](#) [RESOURCES](#)

QCD FORM

The Qualifying Collateral Determination (QCD) form allows you to pledge loan collateral to secure your credit obligations with FHLBank. The QCD form, used to certify compliance with FHLBank's Member Products Policy, must be completed quarterly and is due approximately 45 days after each quarter-end date. Click the links below for guidelines to assist you in completing the QCD form. Click the buttons below to either complete and submit the form online or print, complete and forward the document to FHLBank.

QCD Online

[Guidelines for completing the QCD Online](#)

If you encounter issues with the QCD Online while using Internet Explorer, please [click here](#) for troubleshooting suggestions.

QCD Hardcopy

[Guidelines for completing the QCD Hardcopy](#)

[Schedule of Eligible Collateral](#)

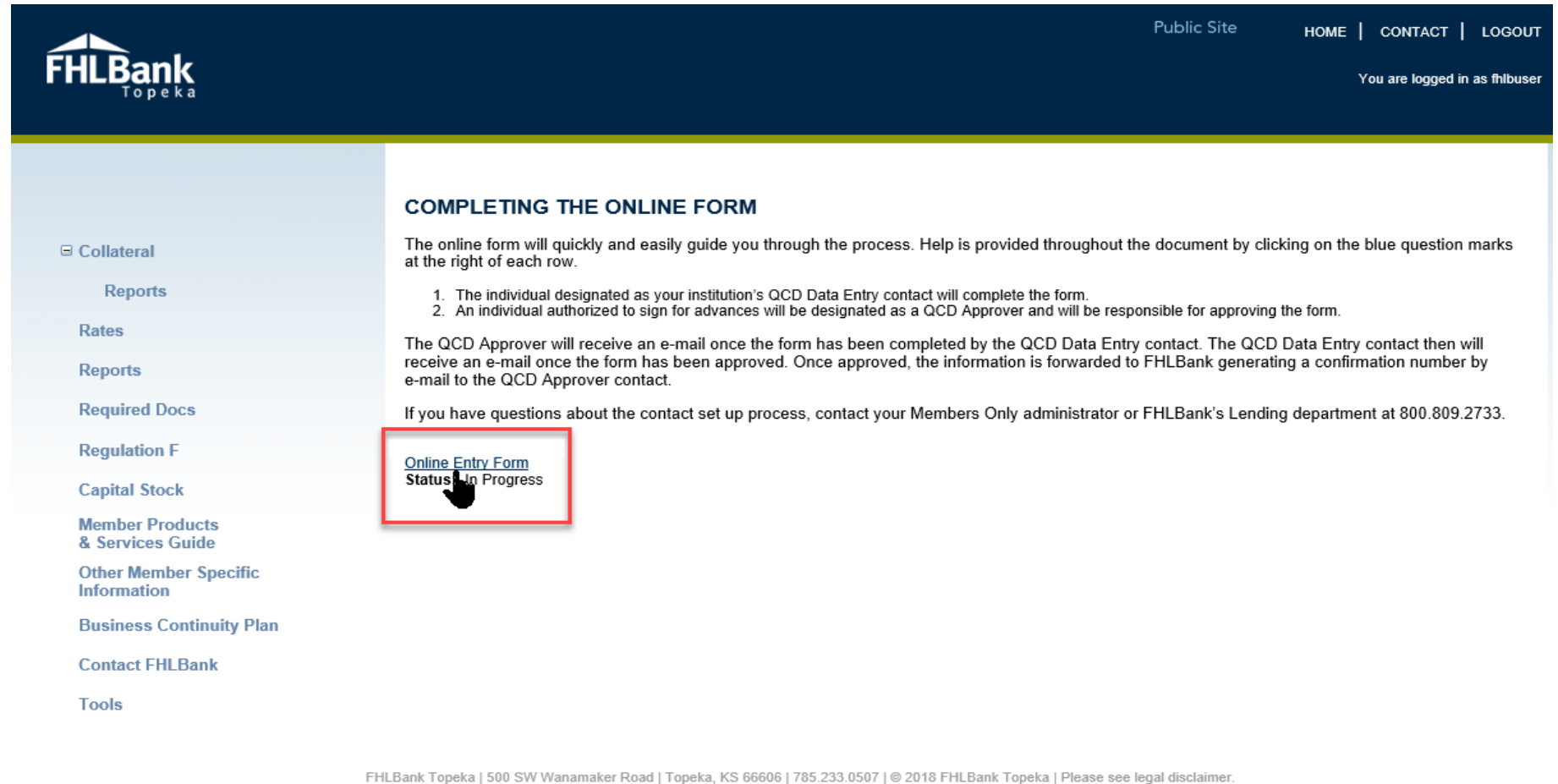
Help is provided throughout the online QCD form by clicking on the blue question marks at the right of each row. If you require further assistance with the online QCD entry, please contact the Financial Services department at 877.933.7803 or FinancialServices@fhlbtopeka.com

- The individual designated as your institution's QCD Data Entry contact will complete the form.
- An individual authorized to sign for advances will be designated as a QCD Approver and will be responsible for approving the form. The QCD Approver will receive an e-mail once the form has been completed by the QCD Data Entry contact. The QCD Data Entry contact then will receive an e-mail once the form has been approved. Once approved, the information is forwarded to FHLBank generating a confirmation number by e-mail to the QCD Approver contact.

If you have questions about the contact set up process, contact your Members Only administrator or the Lending department at 800.809.2733.

QCD FORM - ONLINE

- To begin



The screenshot displays the FHLBank Topeka website interface. The top navigation bar includes the FHLBank Topeka logo, a "Public Site" link, and links for "HOME", "CONTACT", and "LOGOUT". A user status message indicates "You are logged in as fhlibuser".

The left sidebar contains a menu with the following items: Collateral, Reports, Rates, Reports, Required Docs, Regulation F, Capital Stock, Member Products & Services Guide, Other Member Specific Information, Business Continuity Plan, Contact FHLBank, and Tools.

The main content area is titled "COMPLETING THE ONLINE FORM". It provides instructions on how to use the online form, mentioning that help is provided by clicking on blue question marks. It lists two steps: 1. The individual designated as your institution's QCD Data Entry contact will complete the form. 2. An individual authorized to sign for advances will be designated as a QCD Approver and will be responsible for approving the form.

It further states that the QCD Approver will receive an e-mail once the form has been completed by the QCD Data Entry contact. The QCD Data Entry contact then will receive an e-mail once the form has been approved. Once approved, the information is forwarded to FHLBank generating a confirmation number by e-mail to the QCD Approver contact.

It concludes by stating that if you have questions about the contact set up process, you should contact your Members Only administrator or FHLBank's Lending department at 800.809.2733.

A red box highlights a link labeled "Online Entry Form" with the status "In Progress" below it, and a mouse cursor is shown clicking on the link.

FHLBank Topeka | 500 SW Wanamaker Road | Topeka, KS 66606 | 785.233.0507 | © 2018 FHLBank Topeka | Please see legal disclaimer.

Unrestricted Collateral

Restricted Collateral

Additional Information

Collateral Summary

Submission

Quarter Ending: 03/31/2023

Reset

(The * indicates a required field)

Next

Save

Guidelines for Unrestricted Collateral:

This page identifies one-to-four family residential real property, mortgages on multifamily real property, Held-for-Sale mortgages on one-to-four family residential real property and guaranteed portion of other loans backed by the full faith and credit of the United States Government. These assets are considered "UNRESTRICTED" collateral. The aggregate lending value for Held-for-Sale on one-to-four family residential real property is limited to 15 percent of a stockholder's total assets. To determine the aggregate lending value of this collateral, you must first populate your institution's total asset per the amount reported on your institution's most recent regulatory call report.

Total Assets: (per the amount reported on your most recent regulatory report)

\$

Are any of the loans that you have listed on the Unrestricted or Restricted tabs linked to LIBOR and also matures after 2021?

☐ Yes
☒ No

Unrestricted Collateral Description	Case-by-Case Number	Collateral Type Code	Number of Loans	Unpaid Principal	Guaranteed Portion	Lending Percentage	Lending Value
I. Conventional mortgages on one-to-four family residential real property							
Amortizing mortgages				\$		81%	\$0
Interest-only mortgages				\$		75%	\$0
FHA-insured mortgages on one-to-four family residential real property, not more than 90 days delinquent				\$		92%	\$0
FHA-insured mortgages on one-to-four family residential real property, more than 90 days delinquent				\$	\$	88%	\$0
VA-Guaranteed mortgages on one-to-four family residential real property, not more than 90 days delinquent				\$		92%	\$0
VA-Guaranteed mortgages on one-to-four family residential real property, more than 90 days delinquent				\$	\$	88%	\$0
HFS mortgages on one-to-four family residential property (HFS-SF), HFS FNMA, FHLMC, or GNMA eligible				\$		92%	\$0
HFS mortgages on one-to-four family residential property (HFS-SF), HFS not FNMA, FHLMC, or GNMA eligible				\$		81%	\$0
HFS mortgages on one-to-four family residential real property (loan data detail submitted to FHLBank daily) (As of 3/8/2023)			0	\$ 0			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
II. Mortgages on Multifamily residential real property							
Mortgages on multifamily residential real property				\$		74%	\$0
Total Unrestricted Loans:			0	\$0	\$0		\$0
Total Unrestricted Securities: (As of 2/14/2023)							\$156,955,926
Total Unrestricted Collateral:							\$156,955,926

Reset

(The * indicates a required field)

Next

Save

Based upon current day credit obligations your excess collateral position is:

\$156,955,926

QCD FORM – ONLINE

(continued)

Unrestricted Collateral Tab

1. Data Entry

- Aggregate Number of Loans
- Aggregate UPB and Guaranteed Portion (if applicable)

2. HFS Mortgage Loans

- Quarterly Reporting if < 15% of Assets
- Daily Reporting Required if > 15% of Assets
 - System Populated

3. Other Collateral - Case-by-Case

- CBC Number
- Collateral Type Code
- Aggregate Number of Loans
- UPB
- Lending Value percentage

4. Unrestricted Securities

- System Populated

5. Online Help Function

QUALIFYING COLLATERAL DETERMINATION (QCD) FORM

Unrestricted Collateral

Restricted Collateral

Additional Information

Collateral Summary

Submission

Quarter Ending: 03/31/2023

Reset

(The * indicates a required field)

Next

Save

Guidelines for Unrestricted Collateral:

This page identifies one-to-four family residential real property, mortgages on multifamily real property, Held-for-Sale mortgages on one-to-four family residential real property and guaranteed portion of other loans backed by the full faith and credit of the United States Government. These assets are considered "UNRESTRICTED" collateral. The aggregate lending value for Held-for-Sale on one-to-four family residential real property is limited to 15 percent of a stockholder's total assets. To determine the aggregate lending value of this collateral, you must first populate your institution's total asset per the amount reported on your institution's most recent regulatory call report.

Total Assets: (per the amount reported on your most recent regulatory report)

\$ 50,000,000

Are any of the loans that you have listed on the Unrestricted or Restricted tabs linked to LIBOR and also matures after 2021?

☒ Yes ☐ No

Unrestricted Collateral Description	Case-by-Case Number	Collateral Type Code	Number of Loans	Unpaid Principal	Guaranteed Portion	Lending Percentage	Lending Value
I. Conventional mortgages on one-to-four family residential real property							
Amortizing mortgages			50	\$ 5,000,000		81%	\$4,050,000
Interest-only mortgages				\$		75%	\$0
FHA-insured mortgages on one-to-four family residential real property, not more than 90 days delinquent				\$		92%	\$0
FHA-insured mortgages on one-to-four family residential real property, more than 90 days delinquent			5	\$ 1,000,000	\$ 999,995	88%	\$879,996
VA-Guaranteed mortgages on one-to-four family residential real property, not more than 90 days delinquent				\$		92%	\$0
VA-Guaranteed mortgages on one-to-four family residential real property, more than 90 days delinquent				\$	\$	88%	\$0
HFS mortgages on one-to-four family residential property (HFS-SF), HFS FNMA, FHLMC, or GNMA eligible				\$		92%	\$0
HFS mortgages on one-to-four family residential property (HFS-SF), HFS not FNMA, FHLMC, or GNMA eligible				\$		81%	\$0
HFS mortgages on one-to-four family residential real property (loan data detail submitted to FHLBank daily) (As Of 3/8/2023)			0	\$ 0			\$0
Other	61	SFXXXX	10	\$ 1,000,000		81	\$810,000
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
Other				\$			\$0
II. Mortgages on Multifamily residential real property							
Mortgages on multifamily residential real property				\$		74%	\$0
Total Unrestricted Loans:			65	\$7,000,000	\$999,995		\$5,739,996
Total Unrestricted Securities: (As Of 2/14/2023)							\$156,955,926
Total Unrestricted Collateral:							\$162,695,922

Reset

(The * indicates a required field)

Next

Save

Based upon current day credit obligations your excess collateral position is:

\$162,695,922

QCD FORM – ONLINE

(continued)

Restricted Collateral Tab

- Limited to 25% of Assets
- Data Entry
 - Aggregate Number of Loans
 - Aggregate UPB
- Other Collateral - Case-by-Case
 - CBC Number
 - Collateral Type Code
 - Aggregate Number of Loans
 - UPB
 - Lending Value percentage
- Other Collateral – Restricted Collateral
 - CFI Institutions Only
 - FDIC Insured AND total 3-year average assets < 1.417 Billion
- Restricted Securities
 - System populated

QUALIFYING COLLATERAL DETERMINATION (QCD) FORM

Unrestricted Collateral

Restricted Collateral

Additional Information

Collateral Summary

Submission

Quarter Ending: 03/31/2023

Reset

(The * indicates a required field)

Prev

Next

Save

Guidelines for Restricted Collateral:

This page identifies Other Real-estate Related Collateral and Other Collateral. These asset categories are considered "RESTRICTED" collateral, and the aggregate lending value of this collateral cannot exceed 25 percent of a member's total assets. To use "RESTRICTED" collateral you must first exhaust all other eligible loan collateral (one-to-four family residential real property and mortgages on multifamily residential real property). To determine which restricted loans your institution is eligible to pledge, you must first determine whether your institution is classified as a community financial institution (CFI) as defined in 12 CFR 1263.1. CFI is defined as an institution that has its deposits insured by the FDIC and whose average total assets over the last three years (as of December 31) is less than 1.323 billion.

Restricted Collateral Limitation:

\$12,500,000

Restricted Collateral Description	Case-by-Case Number	Collateral Type Code	Number of Loans	Unpaid Principal	Lending Percentage	Lending Value
Alert: Lending Value adjusted to Restricted Collateral Limitation.						
III. Other Real-Estate Related Collateral						
Agricultural Real Estate			15	\$ 10,000,000	66%	\$6,600,000
Commercial Real Estate			10	\$ 7,500,000	65%	\$4,875,000
Second mortgages on residential one-to-four-family property				\$	71%	\$0
Home Equity Lines of Credit (HELOCs)			10	\$ 2,000,000	71%	\$1,025,000
Residential Construction Mortgages				\$	66%	\$0
Multifamily Construction Mortgages				\$	0%	\$0
Commercial Construction Mortgages				\$	0%	\$0
Other				\$		\$0
Other				\$		\$0
Other				\$		\$0
Other				\$		\$0
IV. Other Collateral — Restricted Collateral						
Operating Loans (livestock and crops) (CFI-only)				\$	57%	\$0
Equipment Loans (CFI-only)				\$	54%	\$0
Other				\$		\$0
Other				\$		\$0
Other				\$		\$0
Other				\$		\$0
Total Restricted Loans:			35	\$19,500,000		\$12,500,000
Total Restricted Securities: (As Of 2/14/2023)						\$0
Total Restricted Collateral:						\$12,500,000

Reset

(The * indicates a required field)

Prev

Next

Save

Based upon current day credit obligations your excess collateral position is:

\$175,195,922

QCD FORM – ONLINE

(continued)

Additional Information Tab

- ❖ Questions 1 & 4 – Owned by Affiliate or Purchased Loans
 - ❖ If Yes, enter affiliate or entity name
- ❖ Questions 2 & 3 – Custodians and Servicers
 - ❖ If Yes, known Custodians and Servicers will be pre-populated and confirmation is required
- ❖ Question 5 – Material Adverse Change
- ❖ Additional Comments
 - ❖ Servicer and Custodian changes
 - ❖ Material Adverse Change details
 - ❖ Any other comment for FHLBank

All responses are required*

QUALIFYING COLLATERAL DETERMINATION (QCD) FORM

Unrestricted Collateral Restricted Collateral **Additional Information** Collateral Summary Submission

Quarter Ending: 03/31/2023

[Reset](#) (The * indicates a required field) [Prev](#) [Next](#) [Save](#)

V. Additional Questions

1. Are any of the loans identified on this form owned by a wholly owned or affiliated entity? * ☐ Yes ☐ No If yes, name:

2. Are any of the loans identified on this form held by a third-party custodian? * ☐ Yes ☐ No
Is this correct? ☐ Yes ☐ No

a. If you answered yes to Question #2, has your custodian changed within the last three months? ☐ Yes ☐ No

b. If you answered yes to Question #2, has your custodial agreement been modified within the last three months? ☐ Yes ☐ No

3. Are any of the loans identified on this form serviced by a third party? * ☐ Yes ☐ No
Is this correct? ☐ Yes ☐ No

a. If you answered yes to Question #3, has your servicer changed within the last three months? ☐ Yes ☐ No

b. If you answered yes to Question #3, has your servicing agreement been modified within the last three months? ☐ Yes ☐ No

4. Are any of the residential loans (one-to-four family residential property, second mortgages on residential property, or home equity lines of credit) identified on this form acquired from an affiliated or non-affiliated entity? * ☐ Yes ☐ No If yes, name:

a. If you answered yes to Question #4, and the loan was acquired after July 10, 2007, has your institution verified the loan is in compliance with the Interagency Guidance on Nontraditional Mortgage Product Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending? ☐ Yes ☐ No

5. During the last three months, has your institution experienced any material adverse change? * ☐ Yes ☐ No

Additional Comments

[Reset](#) (The * indicates a required field) [Prev](#) [Next](#) [Save](#)

Based upon current day credit obligations your excess collateral position is: **\$175,195,922**

QCD FORM – ONLINE

(continued)

Collateral Summary Tab

- ❖ Lending Values for Unrestricted and Restricted Assets
 - ❖ As of Quarter End
 - ❖ As of Prior Day
- ❖ Restricted Collateral Limitation
- ❖ Excess Restricted Collateral Capacity
 - ❖ Restricted limitation minus pledged amount
- ❖ Collateral Value
 - ❖ Total of pledged assets
- ❖ Outstanding Credit Obligations
- ❖ Excess Collateral
 - ❖ Total collateral pledged minus outstanding credit obligations – MUST BE A POSITIVE VALUE

QUALIFYING COLLATERAL DETERMINATION (QCD) FORM

Unrestricted Collateral	Restricted Collateral	Additional Information	Collateral Summary	Submission
Quarter Ending: 03/31/2023				
Prev Next Save				
Collateral Summary				
	Unpaid Principal	Guaranteed Portion	Lending Value As Of 3/31/2023	Lending Value As Of 2/14/2023
Unrestricted Assets:				
Loans Value:	\$7,000,000	\$999,995	\$5,739,996	\$5,739,996
Securities Value:	\$183,761,275		\$0	\$156,955,926
Total Unrestricted Collateral Value:	\$190,761,275	\$999,995	\$5,739,996	\$162,695,922
Restricted Assets:				
Loans Value:	\$19,500,000		\$12,500,000	\$12,500,000
Securities Value:	\$0		\$0	\$0
Total Restricted Collateral Value:	\$19,500,000		\$12,500,000	\$12,500,000
Restricted Collateral Limitation (based upon current quarter assets):			\$12,500,000	\$12,500,000
Excess Restricted Collateral Capacity:			\$0	\$0
Grand Total:				
Loans Value:	\$26,500,000	\$999,995	\$18,239,996	\$18,239,996
Securities Value:	\$183,761,275		\$0	\$156,955,926
Collateral Value:	\$210,261,275	\$999,995	\$18,239,996	\$175,195,922
Outstanding Credit Obligations:			\$0	\$0
Excess Collateral:			\$18,239,996	\$175,195,922
Prev Next Save				

QCD FORM – ONLINE

(continued)

Submission Tab

- ☐ Review for accuracy and completeness
- ☐ Read the certification
- ☐ Select “I Agree”
- ☐ Comments to Approver
- ☐ Save
- ☐ Submit

Requires Approval by a QCD Approver

QUALIFYING COLLATERAL DETERMINATION (QCD) FORM

Unrestricted Collateral

Restricted Collateral

Additional Information

Collateral Summary

Submission

Quarter Ending: 03/31/2023

Unable to submit the form. Total Collateral cannot exceed Total Assets.

PrevSubmit

Ready to Submit

Please review the following and check the **I Agree** below, this will allow the QCD form to be submitted.

I certify that the above information is accurate and that the collateral identified complies with FHLBank Topeka's Member Products and Services Guide. I further certify that the reporting institution:

(1) understands and is in compliance with FHLBank Topeka's Anti-Predatory Lending Policy ("APL Policy") and all applicable Anti-Predatory Lending Laws and will maintain qualifying collateral and will substitute eligible collateral for any residential mortgage collateral, or repurchase any Acquired Member Asset, that does not comply in all material respects with applicable Anti-Predatory Lending Laws or FHLBank Topeka's APL Policy, and

(2) is pledging no loans originated or acquired after July 10, 2007, that do not comply in all respects with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending.

(3) agrees to indemnify, defend and hold FHLBank Topeka 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 collateral or the sale of any Acquired Member Asset that does not comply in all material respects with applicable Anti-Predatory Lending Laws or FHLBank Topeka's APL Policy.

☐ I Agree

Comments to Approver

PrevSubmit

QCD FORM – ONLINE *(continued)*

What happens after member approval?

- Generally, straight through processing
- Borrowing capacity updated intraday

A Financial Services review is required only when:

- A “Yes” response to questions 1, 4 or 5 on the Additional Information tab
- Required loan listing
- Collateral reported in the “Other” fields
- A notation is made in “Comments” field

Common issues are:

- Required “Assets” field is populated
- Insufficient collateral pledged to cover outstanding credit obligations
- Submitter AND Approver required - always a 2-step process



PLEDGING AND RELEASING SECURITIES HELD IN SAFEKEEPING AT FHLBANK

- Security must be held in custody at the FHLBank of Topeka
- Complete a Collateral Activity Report (CAR)
 - Located in Members Only under the Collateral menu option then Forms
 - Email to Financial Services department
- Security movement is restricted or released
 - To release a security, adequate collateral must remain
- Borrowing capacity is updated immediately

Please note that a CAR is required to release all securities that are pledged, including those that are maturing, prepaid or are called.



PLEDGING OR RELEASING SECURITIES HELD IN SAFEKEEPING AT FHLBANK *(CONTINUED)*

FHLBANK TOPEKA COLLATERAL ACTIVITY REPORT

CUSTID:
Institution Name:
City, State:

Date:
Return To: FHLBank – Financial Service Dept.
Email: FinancialServices@fhlbtopeka.com

SECURITIES ACTIVITY

PLEDGE OR RELEASE	CUSIP NUMBER	SECURITY DESCRIPTION	ORIGINAL PAR PLEDGED	MATURITY DATE	CURRENT CUSTODIAN	BOOK-ENTRY (B) OR PHYSICAL (P)	PURCHASED DATE	SETTLEMENT DATE AT FHLB
Select One								
Select One								
Select One								
Select One								
Select One								

Select One
Pledge
Release

OVERNIGHT DEPOSIT ACTIVITY

PLEDGE OR RELEASE	DOLLAR AMOUNT	DOLLAR AMOUNT TO MOVE FROM DDA TO OND	DOLLAR AMOUNT TO MOVE FROM OND TO DDA
Select One			

FHLBANK TOPEKA CERTIFICATE OF DEPOSIT ACTIVITY

PLEDGE OR RELEASE	CERTIFICATE NUMBER	DOLLAR AMOUNT	MATURITY DATE	INTEREST RATE
Select One				

CONSENT FOR RELEASE OR PLEDGE ACTIVITY

The form must be emailed directly from an authorized individual, or provide an authorized signature below.

Authorized Signature

Typed Name and Title

Date

■ To Complete the CAR

- Cust ID
- Institution Name
- City and State
- Date
- Select Pledge or Release
- Security details
- Must be signed by an authorized individual as listed on the Credit Authorization or Credit Resolution Form
- Email to Financial Services department



PLEDGING AND RELEASING SECURITIES USING AN APPROVED THIRD-PARTY CUSTODIAN

- A fully executed Third-Party Custodial Agreement is required prior to pledging
- Security must be safekept at custodian before pledging
- Complete an Exhibit A of the Third-Party Custodial Agreement
 - Member to send to Custodian AND to Financial Services
- Custodian Requirements:
 - Send pledge receipt to FHLBank's Financial Services department
 - Must NOT release the security or it's final proceeds without FHLBank's prior written consent
 - Provide monthly statements to FHLBank
- Release Request - if adequate collateral remains, FHLBank will sign and send the Exhibit A to custodian authorizing the release of the security



PLEDGING AND RELEASING SECURITIES USING AN APPROVED THIRD-PARTY CUSTODIAN

 **EXHIBIT A**
Custodial Agreement
Pledge and Release of Collateral

Custodian
To: [Click here to enter Custodian name](#) (Custodian)

The securities listed below and designated "Pledge" in the left column are pledged by [Click here to enter Institution name](#) and held by Custodian for the benefit of the Federal Home Loan Bank of Topeka pursuant to a Custodial Agreement dated [Click here to enter the date](#). The securities designated "Release" are released and withdrawn from pledge.

SECURITIES ACTIVITY				
PLEDGE OR RELEASE	CUSIP NUMBER	SECURITY DESCRIPTION	ORIGINAL PAR	CURRENT PAR
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				
Select One				

Dated: [Click or tap to enter a date.](#)

Cust ID: [Click or tap here to enter text.](#)

Institution
By: _____
Authorized Signature

[Click here to enter Name and Title](#)
Typed Name and Title

CONSENT

Pledgee does hereby consent to the release and withdrawal of securities as described above, and with respect to such released securities acknowledges that Pledgee shall have no further right, title or interest in such securities pursuant to the Custodial Agreement.

Federal Home Loan Bank of Topeka

Dated: _____

By: _____
Authorized Signature

Typed Name and Title

■ To Complete the Exhibit A

- Custodian name
- Member name
- Date of Custodial Agreement on file
- Select Pledge or Release
- Security details
- Must be signed by an authorized individual as listed on the Credit Authorization or Credit Resolution Form
- Send to custodian **AND** the FHLBank's Financial Services department



MAINTENANCE ON PLEDGED SECURITIES

- Daily reconciliation with our custodian for securities held in FHLBank's Custody
- Daily pricing uploads
 - Monthly pricing validation
- Daily factor uploads
- Weekly updates on ratings for private label MBS/CMO securities
- Monthly reconciliations on securities held at an approved third-party custodian



PLEDGING OR RELEASING FHLBANK CDS OR OVERNIGHT DEPOSITS

FHLBANK TOPEKA COLLATERAL ACTIVITY REPORT

CUSTID:
 Institution Name:
 City, State:

Date:
 Return To: FHLBank – Financial Service Dept.
 Email: FinancialServices@fhlbtpeka.com

SECURITIES ACTIVITY								
PLEDGE OR RELEASE	CUSIP NUMBER	SECURITY DESCRIPTION	ORIGINAL PAR PLEDGED	MATURITY DATE	CURRENT CUSTODIAN	BOOK-ENTRY (B) OR PHYSICAL (P)	PURCHASED DATE	SETTLEMENT DATE AT FHLB
Select One								
Select One								
Select One								
Select One								
Select One								

OVERNIGHT DEPOSIT ACTIVITY		
PLEDGE OR RELEASE	DOLLAR AMOUNT	DOLLAR AMOUNT TO MOVE FROM DDA TO OND
Select One		

FHLBANK TOPEKA CERTIFICATE OF DEPOSIT ACTIVITY				
PLEDGE OR RELEASE	CERTIFICATE NUMBER	DOLLAR AMOUNT	MATURITY DATE	INTEREST RATE
Select One				

CONSENT FOR RELEASE OR PLEGE ACTIVITY

The form must be emailed directly from an authorized individual, or provide an authorized signature below.

Authorized Signature

Typed Name and Title

Date

Cash must be in an Overnight Deposit (OND) account at FHLBank before pledging

- Complete a Collateral Activity Report (CAR)
- Located in Members Only under the Collateral menu option then Forms
- Indicate if funds should be moved from or to DDA
- Must be signed by an authorized individual as listed on the Credit Authorization or Credit Resolution Form
- Email to FHLBank's Financial Services department

Release requests - if adequate collateral remains, funds will be released and will remain in the OND account unless otherwise directed on the CAR



PLEDGING DELIVERED LOANS

- Complete the appropriate Collateral Loan Listing (CLL) Template
 - Limited Template – Blanket Pledge institutions on delivery
 - Expanded Template – Specific Pledge institutions (Insurance companies, Housing Associates and non-depository CDFI's)
- Send the template via a secured method to FHLBank's Financial Services department
- Send the appropriate loan documents to FHLBank
 - CLL is uploaded to FHLBank's collateral system and immediately reconciled to the documents received
 - Documents reviewed for eligibility
 - If eligible, lending value is assigned and borrowing capacity updated
 - If ineligible, an exception report detailing the issues will be available on Members Only
- Restricted asset limitation is not applicable to any member required to deliver assets to the FHLBank



PLEDGING DELIVERED LOANS *(CONTINUED)*

Collateral Loan Listing – Expanded Template

- Required for all Specific Pledge members
 - Optional for all other members
 - Market Value is determined by the lesser of the UPB or the loan value as determined by FHLBank's third-party pricing vendor
 - Member is charged a quarterly pricing fee per loan
 - All data points on the CLL are required
 - Template located on Members Only under Collateral - Forms
 - Updated loan information is required to be submitted within five business days after each month-end



PLEDGING DELIVERED LOANS *(CONTINUED)*

Collateral Loan Listing – Limited Template

- Can be used by all members on delivery except Specific Pledge members, non-depository CDFIs and Housing Associates
 - Market Value is determined by the lesser of the:
 - Unpaid Principal Balance (UPB)
 - A present value calculation of the future cash flows discounted at the current market rate
 - Loan value as determined by FHLBank's third-party pricing vendor, if obtained
 - Members are to complete as many data points as possible
 - Template located on Members Only under Collateral - Forms
 - Updated loan information is required within thirty days after each quarter-end



RELEASING DELIVERED LOAN COLLATERAL

FHLBANK TOPEKA LOAN RELEASE REQUEST FORM

CUSTID:

Institution Name:

City, State:

Authorized Name:

Date:

Return To: FHLBank – Financial Service Dept.

Email: FinancialServices@fhlbtopeka.com

LOANS REQUESTED TO BE RELEASED

LOAN NUMBER	FHLBANK SEQUENCE NUMBER, if known	BORROWER'S NAME

Loan documents will be returned to the member via Federal Express. If you would like the loan documents sent to another address or have another preference in delivering the documents to you, please identify the information below:

- Complete a Loan Release Request Form
 - Found on Members Only under Collateral then Forms
 - Note any change in address, if different than the member’s address on file at FHLBank
 - Request must be by an authorized individual as listed on the Credit Authorization or Credit Resolution
 - Send the completed form to the Financial Services department
- If adequate collateral remains, the loan(s) will be released and returned via FedEx unless otherwise requested
 - Borrowing capacity is updated



MEMBERS ONLY - COLLATERAL MENU OPTIONS

- Forms
 - Where to find them

The screenshot displays the FHLBank Topeka Members Only portal. At the top, the navigation bar includes links for Contact, FHLBank Public Site, Logout, and a search icon. Below this, a horizontal menu lists various services: ADVANCES, LETTERS OF CREDIT, WIRES, COLLATERAL, SAFEKEEPING, CAPITAL STOCK, DEPOSITS, RATES, REPORTS, and RESOURCES. The COLLATERAL menu is highlighted with a red arrow, and its dropdown options are visible: Forms, QCD Form, QCD Historical, and Reports. The main content area is divided into several sections: Reports (with filters for Daily and Monthly, a date selector for 03/14/2023, and links for Advance Payments Due, General Activity Report, and Summary of Current), Daily Overnight Line of Credit Rate (showing a rate of 4.88% as of 03/14/2023 8:45:00 AM), Recent Activity (listing Confirmation Advance Issues for 03/13/2023), Overnight Deposit Transfers (describing the transfer process), and Letters Of Credit (describing their use as collateral). A central banner for the AMC 25th Annual is also visible.

FHLBank Topeka Members Only

Navigation: [Contact](#) [FHLBank Public Site](#) [Logout](#) [Search](#)

Services: [ADVANCES](#) [LETTERS OF CREDIT](#) [WIRES](#) [COLLATERAL](#) [SAFEKEEPING](#) [CAPITAL STOCK](#) [DEPOSITS](#) [RATES](#) [REPORTS](#) [RESOURCES](#)

Collateral Menu Options:

- Forms
- QCD Form
- QCD Historical
- Reports

Reports

☒ Daily ☐ Monthly

Date: 03/14/2023

Advance Payments Due PDF

General Activity Report PDF

Summary of Current

[More Reports](#)

Daily Overnight Line of Credit Rate

As of 03/14/2023 8:45:00 AM

4.88%

The overnight line of credit rate reprices daily based on FHLBank's cost of funds.

Recent Activity

03/13/2023

Confirmation Advance Issue - 108679 PDF

03/13/2023

Confirmation Advance Issue - 108680 PDF

03/13/2023

Confirmation Advance Issue - 108680 PDF

[More Documents](#)

Overnight Deposit Transfers

An OND transfer allows you to transfer funds between your overnight deposit account and your demand deposit account. Transfers must be made in multiples of \$100,000.

Letters Of Credit

Letters of credit provide an attractive alternative to using traditional collateral for public unit deposits. FHLBank's high credit rating ensures wide acceptance of a letter of credit.

AMC 25th ANNUAL

MEMBERS ONLY – COLLATERAL MENU OPTIONS *(CONTINUED)*

■ Forms

- Collateral Activity Report
- Collateral Loan Listing
 - Expanded Template
 - Limited Template
 - QCD Loan Support Template
 - Held for Sale Loans Template
- Collateral Pledged by Subsidiary Certification
- Loan Release Request Form
- Exception Clearing Report
- Participation Acknowledgement of Custody
- Participation Security Agreement

Members Only

ContactFHLBank Public SiteLogout

ADVANCESLETTERS OF CREDITWIRESCOLLATERALSAFEKEEPINGCAPITAL STOCKDEPOSITSRATESREPORTSRESOURCES

COLLATERAL FORMS

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.

This page lists forms you will need to pledge and release collateral. Please contact the Financial Services department at 877.933.7803 or FinancialServices@fhlbtopeka.com for further assistance.

Unless otherwise noted, mail or send documents with original signatures to:

MAILING ADDRESS:	PHYSICAL ADDRESS:
FHLBank Topeka	FHLBank Topeka
Attn: Product Administration	Attn: Product Administration
PO Box 176	500 SW Wanamaker Road
Topeka, KS 66601	Topeka, KS 66606

Collateral

Collateral Activity Report This form is used to pledge and release securities.

[Collateral Activity Report Template](#)

Collateral Loan Listing - Expanded Template This template is used by insurance companies, housing associates and non-depository CDFIs when reporting and pledging loan collateral to the FHLBank. The template is required to be completed when initially pledging loans to the FHLBank and when providing monthly updates on pledged loans. All loan data fields on the template need to be populated in order for the loan to be deemed eligible collateral. FHLBank is committed to assisting members in obtaining the data, if necessary.

[Collateral Loan Listing Expanded Template](#)

MEMBERS ONLY – COLLATERAL MENU OPTIONS *(CONTINUED)*

■ Reports

- Where to find them

The screenshot shows the FHLBank Topeka Members Only portal. The top navigation bar includes links for ADVANCES, LETTERS OF CREDIT, WIRES, COLLATERAL, SAFEKEEPING, CAPITAL STOCK, DEPOSITS, RATES, REPORTS, and RESOURCES. The REPORTS menu is highlighted, and a red arrow points to the 'Reports' link in the dropdown menu. The main content area displays several report options: 'Daily Overnight Line of Credit Rate' (4.88% as of 03/14/2023 8:45:00 AM), 'Advance Payments Due', 'General Activity Report', and 'Summary of Current'. There is also a 'Recent Activity' section showing 'Confirmation Advance Issue - 108679' and 'Confirmation Advance Issue - 108680'. A 'More Reports' button is visible at the bottom left.

The screenshot shows the FHLBank Topeka Members Only portal with the COLLATERAL REPORTS section. The top navigation bar includes links for ADVANCES, LETTERS OF CREDIT, WIRES, COLLATERAL, SAFEKEEPING, CAPITAL STOCK, DEPOSITS, RATES, REPORTS, and RESOURCES. The COLLATERAL REPORTS section displays a detailed information about your institution's collateral with FHLBank is listed below. Please contact the Financial Services department at 877.933.7803 or FinancialServices@fhlbtopeka.com for further assistance.

Below the text, there are radio buttons for 'Daily' (selected) and 'Monthly', and a date dropdown menu set to '03/13/2023'.

Collateral	Format
Collateral Loan Listing (Expanded)	Excel
Collateral Loan Listing (Limited)	Excel
Delivered Loans	PDF Excel
Member Collateral Summary	PDF
Member Loan Exception Report	PDF Excel
Securities Pledged	PDF Excel

COLLATERAL REPORTS

1. **Collateral Loan Listing Report – Expanded** - FHLBank identifies the detailed data fields of the loans delivered and pledged to the FHLBank (required for Specific Pledge members). This report will be available daily or monthly in an Excel format.
2. **Collateral Loan Listing -Report – Limited** - FHLBank identifies the detailed data fields of the loans delivered and pledged to the FHLBank (can be used by all members with the exception of Specific Pledge members). This report will be available daily or monthly in an Excel format.
3. **Delivered Loans** – Lists all loans delivered and pledged to the FHLBank by classification (eligible, ineligible, or pending) by a member. This report will be available daily or monthly in a PDF format or Excel.
4. **Member Collateral Summary** - Identifies information regarding the member's collateral position at the FHLBank. It will be available daily or monthly in a PDF format.
5. **Member Loan Exception Report** - Identifies a specific member's loans that have documentation exception memos AND the Documents Accepted Date is NULL or No.
6. **Securities Pledged** – Identifies all securities pledged to the FHLBank by classification (eligible or ineligible). This report will be available daily or monthly in a PDF format or Excel.
7. **Collateral Billing Statement** – A Monthly Report that reflects 1) the number (by count) of loans that have been reviewed, released, priced, and maintained 2) case-by-case collateral fees and 3) collateral review fees incurred that month



Q&A

EDUCATIONAL OPPORTUNITIES

Annual Management Conference

- Overland Park, Kansas | April 19-21, 2023

Regional Meetings

- August through October in Colorado, Kansas, Nebraska and Oklahoma
 - August 21, 2023 – Littleton, CO
 - August 28, 2023 – Lincoln, NE
 - September 28, 2023 – Manhattan, KS
 - October 4, 2023 – Oklahoma City, OK

Collateral Review Contact

- One-on-one guidance



HELPFUL RESOURCES



Elaine Shumaker

AVP, Financial Services
Manager

PH: 785.478.8204

elaine.shumaker@fhlbtopeka.com



Dedra Duran-Gray

VP, Director of Collateral and
Safekeeping Operations

PH: 785.478.8203

dedra.duran-gray@fhlbtopeka.com

Collateral Review Staff

800.809.2733 | CollateralReview@fhlbtopeka.com

Financial Services Operations Staff

877.933.7803 | FinancialServices@fhlbtopeka.com

FHLBank Topeka Website | www.fhlbtopeka.com

Collateral Landing Page | www.fhlbtopeka.com/Products/collateral

Member Products & Services Guide | www.fhlbtopeka.com/mpsg

