

BLANKET COLLATERAL

The FHLBI will generally allow members to secure credit products under a blanket agreement provided that the following requirements are met.

- a. The member maintains an unencumbered portfolio of eligible collateral (one-to-four family whole mortgage loans, multifamily loans, and certain mutual funds) with outstanding balances not less than 145% (175% for multifamily loans) of advances outstanding plus any amount required for other FHLBI credit products (plus a market value adjustment up to 10% at the discretion of management).

After exhausting all other categories of eligible collateral, members may request to pledge other real estate related collateral. The coverage ratio for other real estate related collateral is 250% for second lien closed-end residential mortgage loans and home equity lines of credit and 200% for commercial real estate loans (plus a market value adjustment up to 50% at the discretion of management).

Members in strong financial condition whose onsite collateral verifications show home equity portfolios of the highest quality may receive a further coverage ratio reduction. The coverage ratio for second lien closed end residential mortgage loans and home equity lines of credit for members meeting the FHLBI quality standards of onsite verification score, average credit score, average CLTV and other factors determined during a FHLBI onsite review is 200%.

After exhausting all other categories of eligible collateral, CFI members may request to pledge CFI eligible collateral, with a coverage ratio of 300% for small business loans and a 200% coverage ratio for small farm loans.

The FHLBI reserves the exclusive right to determine the coverage requirement and may require a higher coverage percentage based on the quality and liquidity of the collateral and the credit quality of the member. By contract, the FHLBI may change the scope of the security interest granted to it under the master Advances, Pledge, and Security Agreement; it reserves the right to change the minimum collateral requirement if it does so change the scope of the security interest.

- b. The member provides periodic reports of its available collateral as required by the FHLBI's collateral procedures.
- c. The member agrees to pay the FHLBI or its agent to perform an onsite collateral verification to assist the FHLBI in determining whether the member's collateral is in compliance with FHFBS regulations and FHLBI collateral requirements.
- d. The member must have and maintain a minimum ratio of core or leverage capital-to-assets of 5.0% and be of sound financial condition in the judgment of the FHLBI. Criteria used to determine a member's eligibility or continued eligibility for blanket collateral status may include the member's profitability, type of operation, CAMEL or MACRO rating, and any other criteria deemed relevant by the FHLBI.