

## **SPECIFIC LISTINGS AND PHYSICAL POSSESSION COLLATERAL**

The FHLBI's specific listing collateral agreement requires that members identify and pledge eligible single-family mortgages with a market value between 120% and 125% of advances outstanding, multifamily mortgages with a market value between 140% and 150% of advances outstanding, or eligible securities with a market value between 105% and 115% of advances outstanding. Assets categorized as securities that cannot be safekept due to their nature generally require 125% coverage.

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

- 145% of market value for second lien closed end residential mortgage loans,
- 145% of market value for home equity lines of credit,
- 175% of market value for commercial real estate loans, and
- 110-115% of market value for securities backed by second mortgages or commercial real estate loans.

To be eligible for listing status, the member must have and maintain a minimum ratio of core or leverage capital to assets of 4.0%. Specific collateral listings will also be required if either of the following conditions apply.

- a. The FHLBI determines that a member operating under a blanket agreement does not have sufficient collateral to satisfy its requirements.
- b. The overall financial condition or membership status is such that the FHLBI determines that it would be secure only if the collateral was specifically listed with it.

Physical possession members will be required to deliver notes and mortgages to a third party document custodian unless notified otherwise by the FHLBI. Physical possession of all collateral is required when any of the following conditions exist.

- a. The member institution does not have a minimum ratio of core or leverage capital to assets of at least 4.0%.
- b. There are indications of possible unrecorded losses that, if recorded, would cause the member's ratio of core or leverage capital to assets to fall below 4.0%.
- c. The member is assigned a composite CAMELS rating of 4 or 5.
- d. The overall financial condition or membership status is such that the FHLBI would be secure only if the collateral is in its possession and its security interest is fully perfected.