



Credit Bulletin

Federal Home Loan Bank of Indianapolis

Collateral Eligibility – Loan Modification and Forbearance Agreements

March 19, 2020

To All Members Pledging Loan Collateral:

The Federal Home Loan Bank of Indianapolis (FHLBank Indianapolis) has received multiple inquiries from members regarding the eligibility of loan collateral with forbearances and modifications during the COVID-19 pandemic, including those signed electronically. For clarification, a loan modification agreement is a permanent solution to unaffordable monthly payments, while a forbearance agreement in this instance provides short-term relief for borrowers. In a forbearance agreement, a lender agrees in advance to allow a borrower to miss or reduce payments for a set period.

FHLBank Indianapolis generally will accept loans as collateral that are in forbearance for short-term relief or have been modified, which includes reduced payments, interest only payments or payment deferrals up to 6 months. The Bank will also accept those that have been signed electronically; a wet-ink signature is not required. Existing Credit Policy requirements including the collateral eligibility of delinquent loans (30 or 60 days depending on the type of loan) still apply. For members pledging loans through Specific Listings or Physical Delivery, the following fields should be updated as changes occur: Loan Modification, Date of Last Modification, Maturity Date, and Pledge Type.

FHLBank Indianapolis remains dedicated to providing our members with liquidity and funding solutions. If you would like to discuss the eligibility of loan collateral in more detail, contact Doug Houck, Collateral Operations Manager, at either dhouck@fhlbi.com or 317-465-0508; or Rebecca Baskerville, Collateral Operations Supervisor, at either rbaskerville@fhlbi.com or 317-465-0462.

Sincerely,

D. Scott Stansberry
FVP, Credit Risk Director