



Member driven.
Community focused.

Collateral Verification Review

SecureConnect Online Processing - Instructions

April 2016

Table of Contents/Index

OVERVIEW	3
SECTION I: LOAN TYPES REQUIRED FOR A COLLATERAL VERIFICATION REVIEW	4
SECTION II: TRIAL BALANCE LOAN DATA AND FORMATTING REQUIREMENTS	5
SECTION III: UPLOADING A TRIAL BALANCE LOAN DATA FILE	8
Uploading your Loan Data	8
System validation of the loan file data	9
SECTION IV: MEMBER'S ASSESSMENT OF SUMMARIES	10
Action Required: Review Call Report Summary / Comparison	10
Accepting the Call Report Summary / Comparison	10
Rejecting the Call Report Summary / Comparison	11
Action Required: Review Categorization / Ineligibility Summary and Detail Data	11
Accepting the Categorization / Ineligibility Summary (Prelim)	11
Rejecting the Categorization / Ineligibility Summary (Prelim)	12
SECTION V: NEXT STEPS	12
SECTION VI: DESKTOP REVIEW AND FINAL RESULTS	13



Overview

FHLB Dallas has enhanced the capabilities of our web based applications at www.fhlb.com to include the Collateral Verification Review. This enhancement provides a secure process for submitting the loan data required for a Collateral Review and provides Members the ability to actively participate in and monitor the Collateral Review process.

Loan data is to be submitted to the FHLB electronically via the FHLB web application *SecureConnect* at <https://my.fhlb.com/SSO/welcome.do>. The ability to access your FHLB accounts and/or business activities through *SecureConnect* is determined by signature card authority together with *SecureConnect* system authority granted by your institution to specific staff members. The collateral verification area of *SecureConnect* can be accessed by your staff members who:

- are on your FHLB Collateral Signature Card and
- have an active *SecureConnect* security token

Important Note: The authorized individual uploading the review data and/or approving/rejecting required reports will become your designated Review Contact and all automated responses will be directed to the email of that person unless a different authorized individual approves/rejects the required reports. The person who conducts the last action on the review will become your designated Review Contact and receive subsequent automated responses.

The FHLB Collateral Signature Card form and the *SecureConnect* Access Request form are available at www.fhlb.com. From the Home page, locate the Quick Links box. Navigate to the Guides and Forms page and the *SecureConnect* Request Form link to obtain the *SecureConnect* Access Request and/or the Signature Cards Collateral link to obtain the Collateral Signature Card.

For questions concerning the completion / submission of a Collateral Signature Card, please contact the FHLB Member Services department: toll-free phone (844)-345-2265, or email: member.services@fhlb.com.

The Collateral Verification Review will identify loans in your portfolio that are eligible to establish your blanket lien borrowing capacity with FHLB. These Instructions specify the loan identifier codes used in your quarterly financial reports to distinguish the loans to be evaluated in this review and describe the specific information required for each loan.

All required loan information, as outlined below, must be included in the data to be uploaded into *SecureConnect* and must utilize the .csv format template provided. Use of a different format or failure to include required information will prevent your loan data from successfully uploading to FHLB.

For questions regarding the compilation or uploading of your loan data .csv file, please contact your assigned Collateral Analyst at 1 800 541 0597, option 1 (or speak with any of the Collateral Services staff at that number).

I. Loan Types Required for a Collateral Verification Review

FHLB conducts two types of Collateral reviews: Onsite and Desktop review. The loan information required and the initial processing of the reviews through SecureConnect is identical.

The following chart details the loans to be evaluated in a collateral review. Loans are identified by the call report code appropriate to your institution type of bank, thrift or credit union. Call Report Codes used in the trial balance data file must be the codes specified in this chart; for example: RCON####; CU####.

All loans reported in call report under the RCON / CU identifiers are to be included in the trial balance data.

Community Financial Institution / Large Financial Institution

The types of Loans required for your review are determined by your institution's CFI / LFI designation. (2016 LFI threshold is \$1,128,000,000 in total assets averaged over 3 years). Your institution's CFI or LFI designation can be found at the top of your institution's Blanket Lien Worksheet accessible through SecureConnect.

CALL REPORT CODES <i>include all loans reported under the specified Call Report Codes</i>			
	CFI Member	LFI Member	
	BANK and THRIFT	CREDIT UNION	BANK and THRIFT
Single Family 1st Lien Collateral			
1 st Lien, 1-4 family residential, closed end (Credit Unions – include all loans reported in CU703)	RCON5367	CU703	RCON5367
1 st Lien, 1-4 family residential, closed end Held for Sale	RCONJ454**		RCONJ454**
Multifamily Collateral			
5 or more residential dwelling-unit properties	RCON1460	CU703***	RCON1460
Commercial Real Estate Collateral			
Nonfarm/Nonresidential – Owner occupied	RCONF160	CU703***	RCONF160
Nonfarm/Nonresidential – Non Owner occupied	RCONF161	CU703***	RCONF161
Commercial Construction Collateral			
1-4 family residential construction	RCONF158		RCONF158
Land Loans			
Other construction loans / land loans / land development loans	RCONF159		RCONF159
Loans secured by farmland	RCON1420		RCON1420
Home Equity			
Revolving, open-end loans secured by 1-4 family residential and/or extended under lines of credit	RCON1797	CU386	RCON1797
Junior liens, closed-end secured by 1-4 family residential property (Credit Unions – all loans reported in CU386)	RCON5368		RCON5368
Small Business Loans			
Non Real Estate Commercial and Industrial	RCON1763 RCON1766		
Small Farm Loans			
Loans to finance agricultural production and other loans to farmers	RCON1590		

**First liens reported in J454: eligible collateral only for HFS Authorized Members

***CU703 Multifamily and Commercial Real Estate: eligible collateral only for CU Opt-in Program

II. Section II: Trial Balance Loan Data and Formatting Requirements

The chart below details the loan information required in the Trial Balance upload file. All indicators of required, maximum character length and format types must be followed in order to achieve a successful upload through SecureConnect. Trial balance loan data is to be current data; the timeframe between the run date and the submission of the trial balance should not exceed 30 days. The trial balance loan data must include all information as outlined in the following table for your institution type (CFI/LFI/CU). Loans are to be identified by the Call Report Codes specified in the loan type chart above (RCON####; CU##).

All loan dollars reported in the call report under the respective RCON / CU identifiers must be included in the trial balance loan data.

Column	Column Heading/Label	Data Required/Optional	Data Description
A(1)	Member data run date	Required	No Blanks – pre-set label must remain as shown
A(2)	Member ID#	Required	No Blanks – pre-set label must remain as shown
A(3)	Member Name	Required	No Blanks – pre-set label must remain as shown
B(1)		Required	Enter the run date of your loan data mm/dd/yyyy
B(2)		Required	Enter your FHLB ID #
B(3)		Required	Enter your Institution Name (40 alphanumeric character space maximum)
All column headings for Loan data must remain on line 4. Actual loan data begins at line 5.			
A	Loan Number	Required - all loans - No Blanks – No Duplicates	If your system requires multiple fields to create a unique loan number (Customer ID/Note ID; etc.), consolidate these identifiers into a single unique identifying number ⁽¹⁾ (30 alphanumeric character space maximum) format: text ^{(2) (3)}
B	Call Report	Required - all loans No Blanks	Call Report RCON# (bank and thrift), or CU# (credit union) in which the loan is reported on your quarterly Call Report Must use Call Report Codes from chart above format: text
C	Mortgagor Name	Required - all loans No Blanks	Name of the borrower (80 alphanumeric character space maximum) format: text
D	Address 1	Required –for Real Estate category loans only	Street address of the real estate securing the loan (100 alphanumeric character space maximum) May only be Blank on Non Real Estate Call Report Category (RCON1763/66; RCON1590) format: text
E	Property City	Required –for Real Estate category loans only	City of the real estate securing the loan. (30 alphanumeric character space maximum) May only be Blank on Non Real Estate Call Report Category (RCON1763/66; RCON1590) format: text
F	State Code	Required –for Real Estate category loans only	Postal state abbreviation of the real estate securing the loan (2 alpha character space maximum) May only be Blank on Non Real Estate Call Report Category (RCON1763/66; RCON1590) format: text
G	Property Zip	Required –for Real Estate category loans only	Zip code of the real estate securing the loan ^{(1) (2) (3)} (Examples: 76123 or 01234-1010) (10 alphanumeric character space maximum; any zip +4 must include the dash) May only be Blank on Non Real Estate Call Report Category (RCON1763/66; RCON1590) format: text

Column	Column Heading/Label	Data Required/Optional	Data Description
H	Original Amount	Required - all loans No Blanks	Original Principal Balance of the loan format: number 0.00
I	Unpaid Principal	Required - all loans No Blanks No Negative amounts	Current outstanding principal balance <i>Participations: Any participated loan must be represented with a single entry in the data. Do not list both the master note and the participated portion. Report participation balance (gross or net) as reported in your Call Report.</i> format: number 0.00
J	Appraised Value	Optional	Leave blank if you do not track this information systematically. format: number 0.00
K	Origination Date	Required - all loans No Blanks	Loan origination date. format: date - mm/dd/yyyy
L	Acquisition Date	Optional	Provide only if the loan was acquired or purchased from another entity. Acquisition date cannot be earlier than the Origination Date format: date - mm/dd/yyyy
M	Maturity Date	Required - all loans No Blanks	Maturity date cannot be earlier than the Origination Date format: date - mm/dd/yyyy
N	Next Pymt Due Date	Required - all loans No Blanks	format: date - mm/dd/yyyy
O	P & I Payment	Required - all loans No Blanks	Current principal & interest payment (or interest-only payment amount, when applicable). format: number 0.00
P	Current Int Rate	Required - all loans No Blanks	Current loan interest rate. format: decimal – 5 numeric space max Examples: .10875, .08750 Do not enter data as a %.
Q	Collateral Code	Required - all loans No Blanks	Code used in your system to denote the type of collateral securing the subject loan. (12 character space maximum) format: text
R	Collateral Code Definition	Required - all loans No Blanks	Definition label corresponding to the Collateral Code indicated in Column Q. (60 character space maximum) format: text
S	Member Identified Inelig	Required - all loans No Blanks	Member elects to have the loan identified as ineligible for inclusion in the Blanket borrowing capacity. Required format: Y or N
T	Lien Position?? Jr Lien	Required - all loans No Blanks	The member has knowledge that the subject loan is a junior lien. Required format: Y or N
U	Also Hold 1 st ?	Required only if Column T is answered "Y"	Required only if subject loan is known to be a junior lien as reflected with a "Y" in Column T. Required format: Y, N, or U (Y = subject loan is a junior lien (as indicated in column T) and your institution also holds the first lien on the same collateral) (N = subject loan is a junior lien (as indicated in column T) and your institution does not hold the first lien on the same collateral) (U = subject loan is a junior lien (as indicated in column T) and it is unknown if your institution holds the first lien on the same collateral)
V	Criticized	Required - all loans No Blanks	Subject loan is Classified as Substandard, Doubtful, Loss or partially Charged Off Required format: Y or N
W	DOEA	Required - all loans No Blanks	Borrower is a Director, Officer, Employee, Agent or Attorney of your institution or any affiliate / subsidiary of your institution or of FHLB Dallas Required format: Y or N
X	WHSE	Required - all loans No Blanks	Subject loan is a short term revolving line of credit facility extended to a mortgage loan originator for the funding of mortgage loans. Required format: Y or N
Y	HFS	Required - all loans No Blanks	Subject loan is held by your institution for the express purpose of selling into the secondary market. <i>Include both originated and acquired loans.</i> Required format: Y or N

Column	Column Heading/Label	Data Required/Optional	Data Description
Z	HFS % Owned	Required only if Column Y is answered "Y"	Required only if subject loan is identified as Held for Sale as reflected with a "Y" in Column Y. Enter the percentage of the subject loan currently owned by your institution. Required format: percentage with 3 decimal places (<u>000.000</u>) Example: 99.000; 87.572; 100.000. (do not include % sign)
AA	PARTICIPATION	Required - all loans No Blanks	Subject loan Involves a Bought or Sold Participation interest. Required format: B, S, or X (B = subject loan is a Bought Participation) (S = subject loan is a Sold Participation) (X = subject loan is not a Participation) <i>Show any loan having both bought and sold participations as Bought in this review data.</i> <i>Any participated loan must be represented with a single entry in the data. Do not list both the master note and the participated portion.</i> <i>Report participation balance (gross or net) as reported in your Call Report.</i> format: text
AB	Participating Entity	Required only if Column AA is answered "B" or "S"	Required only if the subject loan is identified as a Participation as indicated by a B or S in <u>Column AA</u> . Enter the name of the participating lender. (30 character space maximum)
AC	Member Holds Note	Required - all loans No Blanks	Member has physical possession of original paper Note signed by borrower when the loan was originated. Electronic notes do not meet this requirement. Scanned / Imaged notes do not meet this requirement. Single Family Loans Held for Sale only: FHLB Dallas approved Bailee Letter will be accepted as original Note. Required format: Y or N
AD	Pledged to Other	Required - all loans No Blanks	Loans which have been pledged, in part or in whole, to any party other than FHLB Dallas. Required format: Y or N
AE	<u>Acq</u> Thru Bulk Sale	Required - all loans No Blanks	Loans acquired by your institution through an FDIC/NCUA assisted transaction or through a bulk purchase transaction from another institution. Required format: Y or N
AF	FHLB <u>Coll</u> Value Type	Required – all loans No Blanks	Enter the appropriate 2-character value type: SF = Single Family reported in RCON5367, RCONJ454 or CU703 MF = <u>MultiFamily</u> reported in RCON1460 or CU703 CM = Commercial Real Estate reported in RCONF160, F161, or CU703 CC = Residential Construction reported in RCONF158 LD = Commercial Construction reported in RCONF159 LD = Land or Land Development reported in RCONF159 LD = Farmland reported in RCON1420 HE = Single Family Revolving Line of Credit reported in RCON1797 or CU386 HE = Single Family Junior Lien reported in RCON5368 or CU386 SB = Non Real Estate Commercial & Industrial reported in RCON1766/1763 FM = Non Real Estate Agricultural reported in RCON1590 format: text
AG	Payment Type	Leave Blank	Leave blank (reserved for future use by FHLB Dallas)
AH	Property County	Leave Blank	Leave blank (reserved for future use by FHLB Dallas)
AI	Note Status	Leave Blank	Leave blank (reserved for future use by FHLB Dallas)

(1) Format as "text" to accommodate leading zeros. May also utilize an apostrophe entered before the leading zero.

(2) Zip or Zip+4 may be accommodated with Excel's SPECIAL formatting.

(3) To prevent unwanted manipulation of your data, use WORDPAD or NOTEPAD to view a .csv data file. When a .csv file has been saved, reopened and saved again using Microsoft Excel, Excel will automatically attempt to read the Loan Number column and Zip Code column as a number format instead of the original text format and will truncate (cut off) leading zeros. Additionally, when loan numbers contain more than 11 digits, Excel will likely replace digits at the end of the cell with zeros and change the format to 'scientific'. ?

III. Section III: Uploading a Trial Balance Loan Data File

When extracting your data from your computer system and transferring to the FHLB .csv upload template, the following items must be considered:

- Information in Lines 1 -3 in the template identifies your institution.
The pre-set labels in Column A - Lines 1-3 of the template must not be altered.
Enter the required institution information in Column B - Lines 1-3 of the template.
- Loan data Columns are in a specific sequence. Do not move columns.
- Loan data column headings must be exactly as presented in the Template.
If you prepare your data in a file other than the provided template:
 - transfer your data to the template or
 - copy the Headings from the template and paste into your data file
 - Do not change column labels.
 - Do not add extra columns of data.
- All loans reported in your Call Report within the designated CFI/LFI/Credit Union Call Report items must be included in the upload data. If your loan data is housed in separate computer systems, loan data for all loans required for this review must be formatted as specified above and submitted as one upload file.
- No blank lines between rows.
- No subtotals - each row of data must be loan information.
- Once your loan data has been transferred into the FHLB .csv upload template, this loan data .csv file must be saved to your computer so that it can be uploaded into *SecureConnect*.
- The name of the .csv file to be uploaded cannot exceed 64 characters. File names exceeding this limit will not load into *SecureConnect*.
- The number of loans in the .csv upload file will impact the upload time. If the .csv upload file contains more than 75,000 loans, contact your FHLB Review Analyst prior to beginning the upload.
- Upon initial Upload of the .csv file, the system will perform a virus scan and check the headings/labels in the file. The upload will not be accepted by *SecureConnect* if:
 - the upload file is found to contain a virus
 - the upload file contains variances to the headings/labels /expected number of columns
- Once the .csv data file upload is accepted, the system validates the content and format of all data. The validation will fail if:
 - Columns requiring data contain blanks
 - Data requiring a specific format is not formatted correctly
(i.e.: date presented as 1252007 instead of 1/25/2007; duplicate loan#, columns requiring Y/N responses contain something other than Y/N, etc.)

Uploading your loan data

- **Log in to SecureConnect**
- Click the Collateral menu
- Under Collateral / Verification Review - click Current Review
- Within the Notifications section of this screen, -Action Required- click UPLOAD
- Screen will change to Verify Contact Information
- Confirm your email address before uploading the loan data file
 - To make changes in your email address - follow the on-screen instructions
 - To accept your email address as presented - click CONTINUE
- Screen will change to the COLLATERAL UPLOAD screen
- Click Choose File to locate the trial balance loan data file you will be uploading. Double click to select your trial balance loan data .csv file

- Selecting your data file will take you back to the Collateral Upload screen; your file name will display next to Choose file; click **UPLOAD** to load your loan data into *SecureConnect*

System validation of the loan file data

The Upload and /or Validation processing may take several minutes when a loan data file contains a large number of loans.

- **LOADING** screen will be seen while the file is being pulled into *SecureConnect*
Do not close this **LOADING** screen window

- **Upload Errors** - if the loan data file contains structural errors (i.e. type of file is not a .csv; headings or labels are different from the template; number of columns is different from the template; member information is missing) *SecureConnect* will not accept the upload, red error messages will display on the screen and you will receive an email indicating errors were detected in the upload attempt
 - Navigate to your original EXCEL loan data file stored on your computer (always working in the EXCEL file will prevent the unintended data manipulation of long loan numbers and zip codes with leading zeros)
 - open your trial balance loan data EXCEL file
 - correct the errors identified on the screen
 - save the corrected EXCEL file to your computer
 - save the corrected file again - saving as a .csv file - making sure to note the name of the file
 - Repeat the Upload

When the upload file has been accepted into *SecureConnect* the loan data within the file will undergo a validation process. Once the validation process is complete, you will receive an email notification alerting you to return to the system.

- **PROCESSING** screen may be seen (depending on the size of the upload file) while the system validates the format and content of all required data.
 - You may log out and come back to continue the next steps, once the validation has completed

or

- You may stay logged in and wait for this validation to complete and continue with the next steps

Uploaded loan file with validation issues:

If you logged out of the system and came back, go to the Current Review page and locate the **UPLOAD HISTORY** link.

If you remain logged in for the Loading and Processing, the system will present the **UPLOAD HISTORY** section on the screen.

UPLOAD HISTORY will show each upload that was accepted by the system.

An accepted upload with data formatting or content issues will show the File Upload Status as failure.

The left column of the Upload History section contains a link to the Validated File. This file is a copy of your original file, with an additional column of data to the far right. (column AF) This last column will have notations on each line of data that contains formatting or value issues.

To make corrections:

- click the link to this Validated File to download and **SAVE** (without opening) the .csv file
- save this unopened validated .csv file to your computer

- Open a blank Excel file
- Import the data from the saved .csv file into Excel using the Import Data Wizard (Data / Get External Data / From Text)
 - Use the 3rd screen of the Import Data Wizard to format the Loan Number column as text and to format the Property Zip column as text
 - finish the import
- Name and SAVE this new file to your computer as an Excel (.xls; .xlsx) file
- review all error notations from Column AF and correct the issues right in this Excel file
- remove the last column of error notations (column AF)
- SAVE this file and all corrections to your computer as an Excel file
- now SAVE AS .csv - making note of the file name
- close THIS .csv file and do not reopen; use THIS .csv file as your re-upload file

Repeat the upload process - making certain to upload this corrected loan data file

IV. Member's Assessment of Summaries

Action Required: Review Call Report Summary / Comparison

Immediately upon a successful trial balance loan data upload and validation, the system will create a Call Report Summary Comparison. This document will subtotal your loans into the types of loans used in your Blanket Lien line of credit (Single Family, Multi Family, Commercial, Land, etc.)

The Call Report Summary will show

- the total dollars in your trial balance loan data for each collateral loan type
- the total dollars from your most recently available call report for the same collateral loan types
- the difference between the loan data and call report in dollars (\$\$) and percentage (%) for each collateral loan type

The current trial balance data and a recent Call Report will not necessarily match. However, comparing the 2 sets of information can possibly reveal errors or omissions in the data.

Click the Call Report Summary / Comparison link and open this summary report

- Determine if your trial balance loan data seems to be accurate and complete
- Follow the on-screen instructions to Accept or REJECT the summary
 - Accepting the summary will continue with the review
 - Rejecting the summary will reset the system and allow you to modify your trial balance loan data and re-upload a new trial balance loan data file for this review

Accepting the Call Report Summary / Comparison

The summary calculates the variance between the most recent Call Report available and the trial balance loan data.

A variance of +/- 10% or greater on any line of the summary and/or an overall variance of +/-5% or greater will require that you enter a comment concerning these variances when you click ACCEPT to approve the summary with these variances and confirm the trial balance loan data is correct.

Your FHLB Analyst will be notified of your acceptance of these variances and will analyze the call report summary, loan data and your comment concerning the variance. If the Analyst needs further discussion on the matter, they will contact you. If no further discussion is deemed necessary, the review will be continued and you will receive an email notification to proceed to the next step.

If the variance does not reach the threshold described above, the message on the screen will indicate a need to review the report and Accept/Reject the report. Upon determining that the report indicates the loan data is accurate, enter a comment acknowledging the report information and Accept the Summary.

Important Note - Large Data Files:

In the event the trial balance upload encounters a system error transitioning from Call Report Summary to Preliminary Ineligible Summary, an immediate email will alert you and the FHLB HelpDesk of this situation. The screen will change back to the Accept / Reject Call Report Summary. Please exit the system. Do not click the Accept button a 2nd time. FHLB will resolve the system error and you will be notified to continue.

Rejecting the Call Report Summary / Comparison

The Call Report Summary provides an opportunity to identify areas in the trial balance loan data that may need correction, and /or an opportunity to recognize loan data has been inadvertently omitted from the uploaded file. To reject the summary, enter a brief comment alerting us of the reason for the rejection. Click the REJECT button and the system will re-set so that you may begin the upload process again.

Action Required: Review Categorization/Ineligibility Summary (Prelim) and Detail Data

Once the Call Report Summary has been accepted, the system will evaluate the detailed loan information in the trial balance loan data file. The detailed information required within the trial balance loan data provides a method to identify loans with characteristics that would (1) potentially render the loan dollars ineligible for inclusion in your Blanket lien line of credit or (2) require specific attention by FHLB during the data analysis.

Using the information provided in the data, along with other known information in our records, the system will create a preliminary Categorization/Ineligibility Summary report to categorize the loans that appear to have specific characteristics (i.e. subordinated loans, employee loans, criticized loans, etc). The system will also create a Detail Data .csv file to itemize the information contained in the Summary report.

Click the Categorization/Ineligibility Summary (Prelim) link to open this Summary report.

Click the Detail Data link to open a copy of your loan data. This file is a copy of your uploaded trial balance loan file with additional columns of data to the far right. These columns will contain notations for each loan identified with any preliminary ineligible findings.

Review this Summary and Detail Data

- Determine if the loan dollars allocated to the listed ineligibility categories are accurate. Loans with multiple ineligible characteristics will be counted once and will be allocated to the first category shown in the Detail Data.
- Follow the on-screen instructions to Accept or REJECT the summary
 - Accepting the Summary will continue with the review
 - Rejecting the Summary will reset the system and allow you to modify your trial balance loan data and re-upload a new trial balance loan data file for this review

Accepting the Categorization/Ineligibility Summary (Prelim)

Upon determining that the report indicates the loan data is accurate, enter a comment acknowledging the report information and Accept the Summary.

The system will notify your FHLB Analyst that the trial balance data has been evaluated for preliminary ineligible loans, reviewed and accepted as accurate.

Your FHLB Analyst will review the system findings along with any comments you have entered and contact you with any questions. In the event you and your FHLB Analyst determine that the loan

data does actually need to be modified, your Analyst will be able to re-set the system and allow you to modify your trial balance loan data and re-upload a modified trial balance loan data file for this review.

Rejecting the Categorization/Ineligibility Summary (Prelim)

The Categorization / Ineligibility Summary provides an opportunity to identify areas in the trial balance loan data that may need correction, and / or an opportunity to recognize loan data has been inadvertently omitted from the uploaded file. To reject the summary, enter a brief comment alerting us of the reason for the rejection. Click the REJECT button and the system will re-set so that you may begin the upload process again.

V. Next Steps

Once the preliminary characteristics have been reviewed and any necessary adjustments to the initial system findings have been made, your FHLB Analyst will begin the evaluation of the data identifying the collateral on each loan. Loans that are unsecured or secured by collateral that does not meet FHLB policy or our regulatory guidelines will be designated ineligible to be included in the borrowing capacity of your Blanket lien.

An Est. Exception Rate report and Detail Data, available on the *SecureConnect* Current Review screen, will update as the Analyst works through the data. You may access the documents at these links at any time to view the progress made on the analysis of your loan data. The following code list defines the notations used in the **Detail Data**.

Code	Description
SUB	Subordinated - all loans in RCON subordinated to 3rd party - is not part of blanket
LSTSB	Subordinated - individual loan is listed in FHLB Dallas Collateral system as subordinated to 3rd party - is not part of blanket
DLV	Delivered - individual loan is in FHLB Dallas custody and receives lending value through the delivery process - is not part of blanket
LSTFV	Listing for Value - individual loan is listed with FHLB Dallas and receives lending value through the listing program - is not part of blanket
DOEA	Borrower is Director, Officer, Agent, or Affiliate of Member
CLSS	Criticized loans Classified as substandard, doubtful, loss, or partially charged off
PART	Participation - Member does not hold note and/or is not Holder in Due Course
VLTRC	Misc - Vault RCON Mismatch - individual loan is delivered or listed and has a discrepancy in the data indicating where the loan is reported on the call report
MBR	Misc - Member Identified Inelig
NOTE	Misc - Note Possession
PLDG	Misc - Pledged to Others
BULK	Misc - Bulk Purchase
HFS	Misc - Member Identified Held for Sale (HFS)
COLL	Misc - Ineligible Collateral
CODE	Misc - Coding Error
OTHER	Misc - Other
WLOC	Warehouse line of credit loan
NQUAL	Non Qualifying HFS Participation where % Owned < 99%
QUAL	Qualifying HFS Participation where % Owned >= 99% and < 100%
HFSW	HFS loan where % Owned = 100%
PSFS	Participation Single Family to Sample - Member is in physical possession of the original note and is Holder in Due Course. (eligible to be included in Onsite Review in the HE Collateral Value Type)

If your review is an Onsite review, your analyst will contact you when the Sample list has been determined and discuss other details concerning the onsite visit. If your review is a Desktop review, your Analyst will be in contact once the review reaches its final stages.

VI. Desktop Review and Final Results

FHLB's analysis of your loan data will identify loans ineligible to be included in the borrowing capacity of your Blanket lien. The current unpaid principal balance on these ineligible loans will determine an Ineligible % rate within each Blanket Lien collateral category.

Desktop Reviews do not include a physical review of your loan files. Therefore, to complete the Desktop Review the Documentation Exception percentage findings from your most recent Onsite Review will be incorporated into the final results.

In the event it has been more than 3 years since your most recent Onsite Review, the current year's default Documentation Exception rates will be assigned.

Upon completion of the review, an email will be forwarded to the individual(s) designated as your institution's BMO (Bank Managing Officer) and LND (lending) contacts. Final Desktop Review reports and any changes to the Blanket lien borrowing capacity are available through *SecureConnect*.
(Member Profile menu option)

