



Member driven.
Community focused.

Collateral Verification Desktop Review

Secure Connect Desktop Online Processing - Instructions



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Overview

FHLB Dallas has enhanced capabilities of our web-based applications at app.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 FHLB Dallas electronically via the FHLB Dallas web application Secure Connect at app.fhlb.com. The ability to access your FHLB Dallas accounts and/or business activities through Secure Connect is determined by signature card authority together with Secure Connect system authority granted by your institution to specific staff members. The collateral verification area of Secure Connect can be accessed by your staff members who are on your FHLB Dallas Collateral Signature Card.

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. We can include other authorized individuals in notifications,

The FHLB Dallas Collateral Signature Card form and the Secure Connect Access Request form are available on Secure Connect in our resource center. From the Home page, click on the resource tab. Navigate to Guides and Forms and locate the link to FHLB Dallas Services Signature Card to open the PDF and instructions.

For questions concerning the completion / submission of a Collateral Signature Card, please contact the FHLB Dallas Member Services department: toll-free phone 1-844-345-2265, 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 Dallas. 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 Secure Connect 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 Dallas.

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

- The following chart details the loans to be evaluated in a desktop 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
- The types of Loans required for your review are determined by your institution's (CFI) Community Financial Institution or (LFI) Large Financial Institution designation
- Your institution's CFI or LFI designation can be found at the top of your institution's Blanket Lien Worksheet accessible through Secure Connect

Banks and Thrift Members

- See the chart below to view the call reports that should be used in column B on the data template
- Utilize the codes per your institution designation as either Community Financial Institution (CFI) or Large Financial Institution (LFI)

CALL REPORT CODES: BANKS & THRIFTS		
Include all loans reported under the specified Call Report Codes	CFI MEMBERS	LFI MEMBERS
Single Family 1st Lien Collateral		
1st Lien, 1-4 Family residential, closed end	RCON5367	RCON5367
1st lien, 1-4 family residential, closed end Held for Sale ⁽¹⁾	RCONJ454	RCONJ454
Multi-family Collateral		
5 or more residential, closed end	RCON1460	RCON1460
Commercial Real Estate Collateral		
Nonfarm/Nonresidential, Owner occupied	RCONF160	RCONF160
Nonfarm/Nonresidential, Non-Owner occupied	RCONF161	RCONF161
Residential 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 property and/or extended under lines of credit	RCON1797	RCON1797
Junior lien, closed-end loans secured by 1-4 family residential property	RCON5368	RCON5368
Small Business Loans		
Commercial and Industrial Loans (<u>not</u> secured by Real Estate)	RCON1763	
Small Farm Loans		
Loans for agricultural production; other non-real estate loans to farmers	RCON1590	

⁽¹⁾ First Liens Reported in J454: eligible collateral only for HFS Authorized Member

Credit Union Members

- Members will submit all loans in all loan categories
- Opt-in members will get blanket values additionally for multifamily and commercial real estate that will be report to FHLB Dallas on a quarterly basis.
- Opt-in members will use Call Report codes in column B on the data template for CU703SF = single family, CU703MF= multifamily and CU703CM= commercial.
- All credit unions will use CU703 for any residential construction, land and 1st lien closed-end home equity loans.

CALL REPORT CODES: CREDIT UNIONS		
Includes all loans reported under the specified Call Report Codes	Non-Opt In Members ^(x)	Opt In Members ^(xx)
Single Family 1st Lien Collateral		
1st Lien, 1-4 Family residential, closed end	CU703	CU703SF
1st lien, 1-4 family residential, closed end Held for Sale ⁽¹⁾	CU003	CU003
Multi-family Collateral		
5 or more residential, closed end	CU703	CU703MF
Commercial Real Estate Collateral		
Nonfarm/Nonresidential - Owner occupied	CU703	CU703CM
Nonfarm/Nonresidential - Non Owner occupied	CU703	CU703CM
Residential Construction Collateral		
1-4 family residential construction	CU703	CU703
Land Loans		
Other construction loans / land loans / land development loans	CU703	CU703
Loans secured by farmland	CU703	CU703
Home Equity		
Revolving, open-end loans secured by 1-4 family residential property and/or extended under lines of credit	CU703	CU703
Junior lien, closed-end loans secured by 1-4 family residential property	CU386	CU386
Small Business Loans		
Commercial and Industrial Loans (<u>not</u> secured by Real Estate)		
Small Farm Loans		
Loans for agricultural production; other non-real estate loans to farmers		
⁽¹⁾ First Liens Reported in CU003: eligible collateral only for HFS Authorized Member		
^(x) Non Opt-in Members will need to include loans in all categories but will only received value for Single Family and Home Equity		
^(xx) Opt-In Members will need to modify certain CU Codes by addign a 2-letter suffix to the existng code, as show above		

II. Trial Balance Loan Data and Formatting Requirements

1. The chart below details the loan information required in the trial balance upload file
2. All indicators of required data points, maximum character length and format types must be followed to achieve a successful upload through Secure Connect
3. Trial balance loan data should be current data; the time frame between the run date and the submission of the trial balance should not exceed 30 days
4. The trial balance loan data must include all information as outlined in the following table for your institution type (CFI/LFI/CU)
5. Loans are to be identified by the Call Report Codes specified in the loan type chart above (RCON#####; CU##)
6. All loan dollars reported in the call report under the respective RCON / CU identifiers must be included in the trial balance loan data
7. When extracting your data from your computer system and transferring to the FHLB .csv upload template, the following items must be considered:
 - a. Information in Lines 1 -3 in the template identifies your institution
 - b. The pre-set labels in Column A - Lines 1-3 of the template must not be altered
 - c. Enter the required institution information in Column B - Lines 1-3 of the template

- d. Loan data columns are in a specific sequence. Do not move columns
- e. 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:
 - a. Transfer your data to the template or copy the headings from the template and paste into your data file
 - b. Do not change column labels
 - c. Do not add extra columns of data
 - d. Review data formats as specified in below tables
 - e. All loans reported in your Call Report within the designated CFI/LFI/Credit Union Call Report items must be included in the upload data
 - f. The data file must be submitted as one upload file
 - g. There should be no blank lines between rows
 - h. Each row and column of data must be loan information
 - i. Remove any subtotals that you perform before uploading in Secure Connect
 - j. 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 *Secure Connect*
 - k. The name of the .csv file to be uploaded cannot exceed 64 characters. File names exceeding this limit will not load into *Secure Connect*
- f. See the trial balance file requirements below to explain the required data, formatting and details for each loans data point



Trial Balance Template Data Requirements:

Cell	Label	Data Required	Data Description
A1	Member data run date	Preset label. Do not change	Do not enter data.
A2	Member ID#	Preset label. Do not change	Do not enter data.
A3	Member Name	Preset label. Do not change	Do not enter data.
B1	-	Required	Enter the run date of your loan data (mm/dd/yyyy)
B2	-	Required	Enter your FHLB ID # (a/k/a Member #)
B3	-	Required	Enter your Institution Name (40 alphanumeric character maximum)
All column headings must remain on row 5. Do not make any changes to existing column headings. Actual loan data begins on row 6.			

Cell	Label	Data Required	Data Description
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. (30 alphanumeric character maximum) Format: text
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 Reports from chart above. Format: text
C	Mortgagor Name	Required - all loans No Blanks	Name of the borrower (80 alphanumeric character 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 maximum) May only be blank on Non Real Estate call report categories (RCON1763/66; RCON1590) Format: text
E	Property City	Required for Real Estate category loans only	City of the real estate securing the loan. (100 alphanumeric character maximum) May only be blank on Non Real Estate call report categories (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 alphanumeric character maximum) May only be blank on Non Real Estate call report categories (RCON1763/66; RCON1590) Format: text
G	Property Zip	Required for Real Estate category loans only	ZIP Code of the real estate securing the loan. (Examples: 76123 or 01234-1010) (10 numeric character maximum; any ZIP plus 4 must include the dash) May only be blank on Non Real Estate call report categories (RCON1763/66; RCON1590) Format: text
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	Current outstanding principal balance Participations: Any participated loan must be represented by a single-line entry in the data. Do not list both the master note and the participated portion; report net participation balance as reported in your call report. 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 of the loan Format: date - mm/dd/yyyy
L	Acquisition Date	Required if applicable	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 Original 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: date - mm/dd/yyyy

Cell	Label	Data Required	Data Description
P	Current Interest Rate	Required - all loans No Blanks	Current loan interest rate Format decimal - Numeric, 5 spaces max Examples: .10875, .08750 (do not include % sign)
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 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 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. Do not mark Y if the loan is already deemed as ineligible in another data field such as DOEA etc. Required format: Y or N
T	Jr Lien Position	Required - all loans No Blanks	The subject loan is a junior (subordinate) lien Required format: Y or N
U	Hold 1st Lien	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 affiliated / subsidiary of your institution or of FHLB Dallas Required format: Y or N
X	WHSE	Required - all loans No Blanks	Subject loan is short term revolving line of credit facility extended to a mortgage loan originator for 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. Include both originated and acquired loans. Required format: Y or N
Z	HFS % Owned	Required only if Column Y is answered "Y"	Required only if subject loan is known to be 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: numeric, with 3 decimal places (000.000) 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) Show any loan having both bought and sold participations as Bought in this review data. Any participated loan must be represented with a single-line 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 Format: text

Cell	Label	Data Required	Data Description
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 column AA Enter the name of the participating lender (30 character maximum)
AC	Member Hold 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 in lieu of original Note Required format: Y or N
AD	Pledge 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	Acquired 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

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

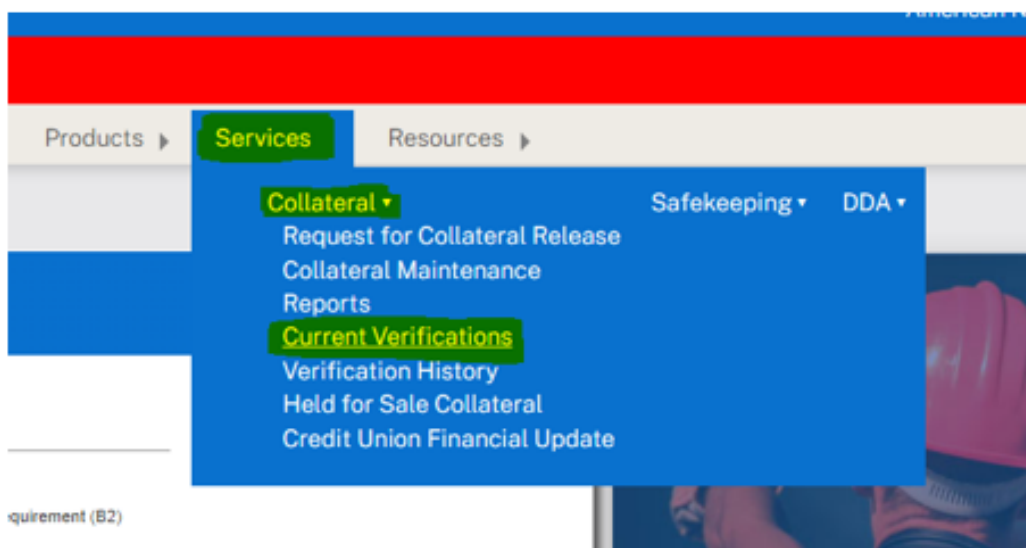
(2) Zip or Zip+4 may be accommodated with Excel's SPECIAL formatting.

(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. Uploading a Trial Balance Loan Data File

1. Log in to Secure Connect
2. Click the Services and then the Collateral menu
3. Under Collateral / Click on Current Verifications



4. Within the Action Required section you will have links to download the template, read the detailed instructions and upload the prepared trial balance file
5. Click Choose File to locate the trial balance loan data file on your computer that you will be uploading
6. Double click to select your trial balance loan data .csv file

1. The Upload and /or Validation processing may take several minutes when a loan data file contains many loans. Do not close a LOADING screen window
2. 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 *Secure Connect* if:
 - a. A red error message will appear on the screen noting unsuccessful file upload.
 - b. The upload file is found to contain a virus
 - c. The upload file contains variances to the headings/labels /expected number of columns or formatting issues
3. Click on Upload History link and download the “validated Filefile”
4. Review the validated file looking at column AF – validation result
5. Make corrections to data as identified in the validated file
6. Removed column AF and save the corrected file on your computer
7. Reupload the corrected file in Secure Connect
8. When the upload file has been accepted into Secure Connect the loan data within the file will undergo a validation process to create a Call Report Summary Comparison and the Preliminary Ineligibility Report that will need to be reviewed and approve

IV. Member’s Assessment of Reports

1. **Action Required:** Member will review both Call Report Summary/Comparison & Preliminary Ineligibility Reports
2. Immediately upon a successful trial balance loan data upload and validation, the system will create a Call Report Summary Comparison and the Preliminary Ineligibility Report
3. These documents will subtotal your loans into the types of loans used in your Blanket Lien line of credit (Single Family, Multifamily, Commercial, Land, etc.)
4. Review both reports by the guidelines below prior to accepting or rejecting the uploaded data to FHLB
5. Accepting or rejecting the trial balance will require a comment to support the reason for rejecting or an explanation for the variance thresholds

Action Required

Review [Call Report Summary Comparison](#) report, [Preliminary Ineligibility](#) report and [Trial Balance Loan Detail](#) for accuracy.

- To correct errors in Trial Balance data: REJECT the reports and re-upload.
- To continue with submission process: ACCEPT reports.

Please enter comments. (Note: Comments are mandatory for REJECT)

As Member - Accept Trial balance as submitted.

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

171 characters remaining

Accept Reject



- Click on the Call Report Summary Comparison:
 - 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 two sets of information can possibly reveal errors or omissions in the data
 - 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
 - Determine if your trial balance loan data seems to be accurate and complete
 - The summary calculates the variance between the most recent Call Report available and the trial balance loan data
 - A variance of +/- 10 percent or greater on any line of the summary **and/or** an overall variance of +/-5percent 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 after careful review of both reports
- Click on and review Preliminary Ineligibility Report and the Trial Balance loan detail
 - Using the information provided in the data, the report will categorize the loans that appear to have specific characteristics (i.e., subordinated loans, employee loans, criticized loans, etc.)
 - The system will also create a Trial Balance Loan Detail file to itemize the information and reflect the ineligibility code findings in column AF= Category/Ineligible Codes
 - These loans 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
 - 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
 - Below is the list of codes and descriptions that the system assigns based on the trial balance data points and the FHLB Analyst reviews:

Code	Description
SUB	Subordinated: an entire RCON has been pledged to a 3 rd party
LSTSB	Listed Subordinated: individual loan(s) pledged to a 3 rd party
DLV	Delivered: individual loan(s) in FHLB Dallas custody and receive lending value through the delivery process
LSTFV	Listing for Value: individual loan(s) listed with FHLB Dallas and receive lending value through the Listing program
DOEA	Borrower is Director, Officer, Agent, or Affiliate of Member
CLSS	Criticized/Classified: loans classified by Member or their regulator as substandard, doubtful or loss
PART	Participation: Member indicates Member does not hold Note and/or is not Holder in Due Course
VLTRC	Misc - Vault RCON Mismatch
MBR	Misc – Member Identified Ineligible
JRLN	Misc - Jr. Lien
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%
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 LFI Onsite Other RE sample group) (non HFS)
QUAL	Qualifying HFS Participation where % Owned >=99% and < 100%
HFSW	HFS loan where % Owned = 100%

Rejection of the Trial Balance Data by the Member

1. If member discovers an error on either report, they will place a comment of reason for rejecting the trial balance data and click on Reject
2. This action will require the member to make corrections to their Trial Balance data as needed and reupload the corrected file

Action Required

Review **Call Report Summary Comparison** report, **Preliminary Ineligibility** report and **Trial Balance Loan Detail** for accuracy.

- To correct errors in Trial Balance data: REJECT the reports and re-upload.
- To continue with submission process: ACCEPT reports.

Please enter comments. *(Note: Comments are mandatory for REJECT)*



500 characters remaining

Accept Reject

Acceptance of the Trial Balance Data by the Member

- Once the reports are reviewed the Member can move the Review into Analysis review status
- Please provide a detail comment explaining the variances for each category that is outside of +/- 10 percent variance or overall +/- 5 percent variance
- Click on Accept
- An email will transmit to FHLB to initiate an Analyst to review the trial balance data
- Analyst will review the system findings along with any comments you have entered and contact you with any questions



V. FHLB Analyst Review and Final Results

1. Once the preliminary characteristics have been reviewed and any necessary adjustments to the initial system findings have been made, your FHLB Dallas analyst will begin the evaluation of the data identifying the collateral on each loan
2. Loans that are unsecured or secured by collateral that does not meet FHLB Dallas policy or our regulatory guidelines will be designated ineligible to be included in the borrowing capacity of your Blanket lien
3. The analyst will most likely have some questions regarding the data being reviewed. If that should happen you will be notified by your analyst to go over the questions
4. If the analyst determines that the loan data needs to be corrected, your analyst will be able to reject the trial balance and allow you to modify your trial balance loan data and re-upload a modified trial balance loan data file for this review
5. An Estimated Blanket Lien Worksheet will be available on the Secure Connect Current Verifications screen that will update as the analyst works through the data
6. You may access the documents at these links at any time to view the progress made on the analysis of your loan data
7. FHLB Dallas' 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
8. 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
9. In the event it has been more than three years since your most recent Onsite Review, the current year's default Documentation Exception rates will be assigned
10. 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
11. Final Desktop Review reports and any changes to the Blanket lien borrowing capacity are available through Secure Connect once the updated rates are published in our system

