2016

MEMBER PRODUCTS AND SERVICES GUIDE

FHLBank Topeka makes a difference by helping our members build their communities.

FHLBank Topeka periodically publishes this Member Products and Services Guide for its member financial institutions and housing associates in Colorado, Kansas, Nebraska and Oklahoma.

All forms referred to in this Guide are available on the *Members Only* section of FHLBank's website unless otherwise stated.

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FHLBank
Topeka

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Introduction

FHLBank Topeka (FHLBank) is one of 11 Federal Home Loan Banks nationwide that was created by Congress in 1932. It operates as a cooperative, with all capital provided by its members.

Purpose

This Member Products and Services Guide (Guide) assists members and housing associates in understanding and using FHLBank's products and services. It also provides information on FHLBank's credit guidelines, advance pricing, collateral guidelines and the Mortgage Partnership Finance® Program.

FHLBank provides wholesale funding, related services and technical expertise to member commercial banks, thrifts, credit unions, insurance companies, community development financial institutions (CDFIs) and housing associates in Colorado, Kansas, Nebraska and Oklahoma.

FHLBank promotes housing, jobs and general prosperity by offering products and services that help our members provide affordable credit in their communities. Accordingly, FHLBank's core business is to provide members and housing associates with funds for home mortgage financing, liquidity, asset/liability management and community development.

AUTHORITY

FHLBank draws on the following sources of authority to offer its programs:

- *Statutory directives of the Federal Home Loan Bank Act*;
- *Regulations of the Federal Housing Finance Agency*;
- FHLBank's Member Products Policy adopted by FHLBank's board of directors, which includes sections covering Credit, Collateral, Advance Pricing and Mortgage Partnership Finance;
- The Advance, Pledge and Security Agreement that each member or housing associate executes with FHLBank, which governs extensions of credit; and
- *FHLBank's capital plan*

The information in this Guide is intended to be consistent with the above sources, but the actual statute, regulation or policy governs if a conflict occurs. The statutes, regulations and policies may be amended from time to time. Any amendments affecting the information in this Guide will be communicated to members and housing associates in a timely manner.

PRODUCTS AND SERVICES

FHLBank's products, programs and services assist Tenth District members and housing associates in providing affordable credit in their local markets to support housing, small farms, small businesses and community development. FHLBank products and services are described in detail in this Guide.

Line of Credit

The line of credit provides an alternative to Fed funds purchased, repurchase agreement borrowings and brokered deposits. This revolving line product is a short-term liquidity source established for a one-year term with automatic annual renewals.

Floating rate, non-amortizing, prepayable

Common Uses

Liquidity for unanticipated daily cash needs

Mortgage-banking operations

Allows for reduction of lower yielding assets held for liquidity purposes

TERMS AND CONDITIONS

LIMITATIONS

Line of credit draws, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. The minimum amount of each line of credit draw is $100,000.

REQUIRED DOCUMENTS

Line of Credit Application

To obtain a Line of Credit Application, visit the *Members Only* section of FHLBank's website.

RATE

The rate reprices daily based on FHLBank's cost of funds. The rate of interest applicable to each individual draw is established at the time of each funding request. At the beginning of each business day, all outstanding draws and balances from the previous day are combined and repriced to an interest rate based on FHLBank's cost of funds.

Visit *Members Only* to view current rates.

INTEREST

All draws will be charged a minimum of one day's interest. Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month. Interest is computed on an actual/360-day basis.

TERM

One year, with automatic annual renewals

PREPAYMENT OPTION

Prepayable anytime without a fee. Repayments are not accepted if funds have been drawn on the same day.

Principal repayments should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subject to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

RENEWAL/CANCELLATION

On its anniversary, each line of credit is automatically renewed by FHLBank for a one-year

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term unless the institution notifies FHLBank in writing to cancel the line of credit 30 days prior to the scheduled expiration date. All principal and interest outstanding under a line of credit is due and payable on the cancellation date.

AVAILABILITY

Draw and repayment requests may be made on the line of credit until 4 p.m. CT.

Short-term Fixed Rate Advances

The short-term fixed rate advance provides an alternative to local or brokered deposit markets for short-term funding.

Fixed rate, non-amortizing, non-prepayable

Common Uses

Unanticipated cash needs

Alternative to Fed funds purchased, repurchase agreement borrowings and brokered deposits

Mortgage banking operations

Allows for reduction of lower yielding assets held for liquidity purposes

TERMS AND CONDITIONS

LIMITATIONS

Short-term fixed rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. The minimum amount of a short-term fixed rate advance is $100,000.

RATE

The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and at maturity. Interest is computed on an actual/360-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

Three to 93 days

PREPAYMENT OPTION

Non-prepayable

AVAILABILITY

Short-term fixed rate advances may be requested until 4 p.m. CT.

Regular Fixed Rate Advances

The regular fixed rate advance provides fixed maturity structures similar to certificates of deposit. However, unlike certificates of deposit, these advances provide a great deal of flexibility in establishing desired maturities.

Fixed rate, non-amortizing, prepayable with a fee

Common Uses

Seasonal funding needs

Construction loans

Origination or purchase of fixed rate mortgages or securities

Match funding of a specific asset or portfolio of assets

Asset/liability and interest rate risk management

View an example of Regular Fixed Rate Advance funding.

TERMS AND CONDITIONS

LIMITATIONS

Regular fixed rate advances, as with other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Fixed rate advances are also subject to FHLBank's ability to obtain matching liabilities. The minimum amount of a regular fixed rate advance is $10,000.

RATE

The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date.

Interest is computed on an actual/360-day basis for original maturities of 12 months or less or on an actual/365(6)-day basis for original maturities greater than 12 months.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

94 days to 360 months

PREPAYMENT OPTION

Regular Fixed Rate
The prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to the advance being prepaid.

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If the reference rate is greater than the rate on the advance, no fee is charged.

An *example* of the prepayment calculation for fixed rate advances using this prepayment language is located in the Appendices of this Guide.

The following prepayment fee language will apply for advances with an embedded call option.

Regular Fixed Rate Callable
Prepayment is permitted in full or in part without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing nine business days prior to scheduled call dates.

If the callable advance is prepaid under circumstances and conditions other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date), and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity (next call date) and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.

AVAILABILITY

Regular fixed rate advances may be requested until 4 p.m. CT.

Symmetrical Fixed Rate Advances

The symmetrical fixed rate advance provides members and housing associates with fixed-rate term funding with the contractual ability to realize a gain from the market movement of interest rates.

Common Uses

Offset investment portfolio losses with a gain on an advance in a rising rate environment

Reposition a balance sheet with minimal expense

TERMS AND CONDITIONS

LIMITATIONS

Symmetrical fixed rate advances (SFAs), as with other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. SFAs are also subject to FHLBank's ability to obtain matching liabilities. The minimum amount of a SFA is $2.5 million.

RATE

The fixed rate of interest is at a slight premium above the fixed rate advance for the same term. The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date.

Interest is computed on an actual/360-day basis for original maturities of 12 months or less or on an actual/365(6)-day basis for original maturities greater than 12 months.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the Fees section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

94 days to 360 months

PREPAYMENT OPTION

Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying swap used to hedge the advance that applies directly to the amount of the advance being prepaid) and equals the present value of the advance spread of 0.XX% (held constant over the remaining life of the advance) plus or minus the cost (plus) or benefit (minus)

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resulting from the termination of the underlying swap used to hedge the advance. Any net benefit associated with prepayment will be paid by FHLBank and will be limited to 10 percent of the advance principal balance.

Note: If a new symmetrical advance is issued on the same day an outstanding symmetrical advance is prepaid, FHLBank will credit, against any prepayment fee owed by the borrower, the present value of the advance spread using the lower spread, lower principal amount and shorter remaining maturity of the two advances.

An *example* of the prepayment calculation for symmetrical fixed rate advances using this prepayment language is located in the Appendices of this Guide.

AVAILABILITY

Symmetrical fixed rate advances may be requested until 4 p.m. CT.

Forward Settling Advance Commitments

The forward settling advance (FSA) commitment protects against rising rates and is an attractive option when funding loans with a delayed disbursement. The advance under the FSA commitment will have all the features and prepayment characteristics of the advance type selected.

Common Uses

Fund the permanent financing for construction/ permanent loans

Lock in current rates without adding liquidity

Hedge future interest-rate increases

TERMS AND CONDITIONS

LIMITATIONS

Forward settling advance (FSA) commitments allow members to lock in a fixed rate advance that will settle up to 24 months in the future. As with all other credit transactions, advances taken under FSA commitments will be subject to the maximum amount of credit available upon the settlement date. Collateral and stock are not required until after the commitment expires and the advance settles. Please refer to the *Credit Guidelines* section of this Guide.

FSA commitments are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount required for an FSA commitment is $2.5 million. Members or housing associates with smaller funding requests can contact the *Lending* department to indicate interest.

FEES

The cost of the commitment will be incorporated into the interest rate established for the future advance tied to the FSA commitment.

RATE

The fixed rate of interest is typically at a premium above the fixed rate advance for the same term. The fixed rate of interest is for the term in accordance with the selected advance maturity and type.

Contact *Lending* for current rates.

DISBURSEMENT OF FUNDS

Advance funds will be disbursed only on the FSA commitment's scheduled expiration date, only if the member or housing associate fully complies with all applicable FHFA regulations and the *Credit Guidelines* identified in this Guide. Failure to disburse the funds under the FSA commitment for any reason will result in the member or housing associate being charged a termination fee.

TERMINATION FEE

If for any reason, the FSA commitment is not disbursed in its full amount, a termination fee will be charged. The termination fee will be determined by FHLBank, in its discretion, to be sufficient to make FHLBank financially indifferent to

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the termination, taking into account the present value of the spread on the committed advance (assuming the spread at the time of termination remains constant throughout the expected life of the committed advance) and FHLBank's cost or benefit resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the committed advance, but the fee shall not be less than $100.

ADVANCE TERMS

The terms of the committed advance will be the same as regular fixed rate and amortizing advances. Please refer to the *Fixed Rate Advances* sections of this Guide.

AVAILABILITY

Generally, requests for FSA commitments should be made before noon CT.

Callable Advances

The callable advance provides the flexibility to prepay without a fee at specific intervals throughout the life of the advance. It provides protection against prepayment risk and offers the flexibility to restructure liabilities if necessary.

Contains options that allow for prepayment without a fee

Common Uses

Seasonal funding needs

Origination or purchase of fixed rate mortgages or securities

Match funding of a specific asset or portfolio of assets

Asset/liability and interest rate risk management

TERMS AND CONDITIONS

LIMITATIONS

Callable advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Callable advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount of a callable advance is $10,000.

Callable advances can be regular fixed rate, amortizing fixed rate or adjustable rate.

RATE

The fixed or adjustable rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances. For adjustable rate advances, interest is computed based on the industry standard day basis for the index selected. For example, the London Interbank Offered Rate (LIBOR) is computed on an actual/360-day basis, whereas a Treasury bill is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

Fixed Rate: 12 to 360 months
Adjustable Rate: 4 to 180 months

PREPAYMENT OPTION

See specific advance type for prepayment of advances that include a call option.

AVAILABILITY

Callable advances may be requested until 4 p.m CT.

Member Option Advances

The member option advance provides the flexibility to prepay without a fee at specific intervals throughout the life of the advance. It provides protection against prepayment risk and offers the flexibility to restructure liabilities if necessary.

Contains options that allow for prepayment without a fee

Common Uses

Seasonal funding needs

Origination or purchase of fixed rate mortgages or securities

Match funding of a specific asset or portfolio of assets

Asset/liability and interest rate risk management

TERMS AND CONDITIONS

LIMITATIONS

Member option advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Member option advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount of a member option advance is $2,500,000.

RATE

The fixed rate of interest is for the term in accordance with the selected advance maturity. The member option is priced at a discount (typically 24 basis points), which is amortized by the member over the life of the advance. The discount is applied at the time the advance is issued and reduces the amount of the funding provided (principal) to the member.

Call the *Lending Desk* to receive current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

Fixed Rate: 12 to 360 months

PREPAYMENT OPTION

Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying interest rate swap used to structure the advance that applies directly to the amount of the advance being prepaid) without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing three business days prior to scheduled call dates.

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If the advance is prepaid under circumstances and conditions other than as outlined above, the advance may be prepaid in full (but not in part unless FHLBank is able to terminate the portion of its underlying interest rate swap used to structure the advance that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the advance, but the fee shall not be less than $100.

AVAILABILITY

Member option advances may be requested until 4 p.m CT.

Amortizing Fixed Rate Advances

The amortizing fixed rate advance is structured to fund mortgages, commercial loans or similar assets. Principal payment streams may be structured to meet practically any funding need.

Fixed rate, amortizing with predetermined principal payments

Common Uses

Construction loans

Origination or purchase of fixed rate mortgages or securities

Match funding of a specific asset or portfolio of assets

Asset/liability and interest rate risk management

View examples of Amortizing Fixed Rate Advance funding.
- *Match Funding*
- *Short Funding*
- *Blended Funding*

800.809.2733

TERMS AND CONDITIONS

LIMITATIONS

Amortizing fixed rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Amortizing fixed rate advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount of an amortizing fixed rate advance is $10,000.

RATE

The fixed rate of interest is for the term in accordance with the selected advance maturity.

Visit *Members Only* to view current rates.

AMORTIZATION

Principal payments may be amortized on a monthly, quarterly, semiannual or annual basis, or any predetermined fixed schedule of payments, with or without a balloon payment. Constant prepayment rates may be embedded into the principal payment streams. The amortization of payments is determined at the time of the request and cannot be changed once funds are disbursed.

PRINCIPAL AND INTEREST

Principal payments will be collected on the first business day of the month based upon the principal payment schedule selected. The final principal payment will be collected at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

12 to 360 months

PREPAYMENT OPTION

Amortizing Fixed Rate
Prepayment is permitted in full (but not in part) with a fee. The prepayment fee equals the present value (discounted at the reference rate) of the

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difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows which would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

An *example* of the prepayment calculation for amortizing fixed rate advances using this prepayment language can be found in the Appendices of this Guide.

The following prepayment fee language will apply for advances with an embedded call option.

Amortizing Fixed Rate Callable
Prepayment is permitted in full without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing nine business days prior to scheduled call dates.

If the advance is prepaid other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date) and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows which would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity (next call date) and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

AVAILABILITY

Amortizing fixed rate advances may be requested until 4 p.m. CT.

Adjustable Rate Advances

The adjustable rate advance is structured to fund variable rate assets, thereby reducing the repricing and basis risk associated with certain transactions. In addition, these advances often correlate to an institution's internal cost of funds and can complement retail deposits.

Adjustable rate, non-amortizing

Common Uses

Home equity loans

Origination or purchase of adjustable rate mortgages or securities

Asset/liability and interest rate risk management

TERMS AND CONDITIONS

LIMITATIONS

Adjustable rate advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Adjustable rate advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount of an adjustable rate advance is $10,000.

RATE

Rates are determined by adding (subtracting) the appropriate spread to (from) the actual index yield at the time of the borrowing. The advance rate is adjusted at intervals based on the index selected. Common indices include LIBOR, Treasury bill, Fed funds, Prime and FHLBank's short-term fixed rate advances.

Visit *Members Only* to view current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed based on the industry standard day basis for the index selected. For example, LIBOR is computed on an actual/360-day basis whereas a Treasury bill is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

Four to 180 months

PREPAYMENT OPTION

Adjustable Rate
Prepayment permitted on rate reset dates only at a fee sufficient to make FHLBank indifferent to the prepayment. The prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate

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remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity to the advance being prepaid in which the re-pricing period corresponds to the rate-reset index on the advance. If the reference rate is greater than the rate on the advance, no fee is charged.

Note: The reference rate is dependent on the index selected for the advance and is as follows:

- Prime Index – The reference rate for advance rates tied to Prime is the current marginal cost for issuing prime liabilities that have the closest remaining maturity to the advance being prepaid.
- LIBOR Index – The reference rate for advance rates tied to LIBOR is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity to the advance being prepaid.

An *example* of the prepayment calculation for adjustable rate advances using this prepayment language is located in the Appendices of this Guide.

The following prepayment fee language will apply for advances with an embedded call option.

Adjustable Rate Callable
Prepayment is permitted in full or in part without a fee at specific intervals during the life of the advance as long as FHLBank is notified in writing one business day prior to scheduled call dates.

If the advance is prepaid other than as outlined above, the prepayment fee equals the present value (discounted at the reference rate) of the difference between: (a) the scheduled interest payments to be paid on the advance through remaining maturity (next call date), assuming the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity (next call date) if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity (next call date) to the advance being prepaid in which the re-pricing period corresponds to the rate-reset index on the advance. If the reference rate is greater than the rate on the advance, no fee is charged.

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Notes:

1. The reference rate is dependent on the index selected for the advance and is as follows:
   a. Prime Index – The reference rate for advance rates tied to Prime is the current marginal cost for issuing prime liabilities that have the closest remaining maturity to the call date on the advance being prepaid.
   b. LIBOR Index – The reference rate for advance rates tied to LIBOR is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity date to the call date on the advance being prepaid.
2. Advances issued with an advance rate tied to the FHLBank's Short-Term Advance rate are prepayable on rate reset dates only.

AVAILABILITY

Adjustable rate advances may be requested until 4 p.m. CT.

Convertible Advances

The convertible advance typically offers an attractive fixed rate of interest in exchange for granting FHLBank the option to convert the advance at specific intervals to an adjustable rate advance on a predetermined date(s) before maturity.

Non-amortizing; contains options FHLBank can exercise

Common Uses

Alternative to other liquidity sources (Fed funds purchased, brokered deposits, repurchase agreement borrowings, public unit deposits, etc.)

Complement to deposit mix by serving as a source of balance sheet funding to reduce the overall cost of funds

The option to convert the advance is solely at the discretion of FHLBank. Once FHLBank exercises its option to convert, the resulting adjustable rate advance may be prepaid without a fee on the conversion date and on any reset date thereafter.

TERMS AND CONDITIONS

LIMITATIONS

Convertible advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Convertible advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount required for a convertible advance is $2.5 million. Members or housing associates with smaller funding requests may obtain convertible advances by participating in FHLBank's periodically advertised special advance offerings.

In addition, members and housing associates are limited to 25% of total assets (admitted assets for insurance company members) in convertible and structured advances. Assets are based on the most recent quarterly filings with the institution's regulatory agency. Exceptions require the pre-approval of FHLBank senior management.

RATE

In exchange for selling an option (European) or a strip of options (Bermudan) to FHLBank, the advance is priced below the rate for a fixed rate advance with the same maturity. These options allow FHLBank, after the predetermined lockout period, to convert the advance to a prepayable adjustable rate advance that is priced at a predetermined index agreed upon at the time of the initial funding request for the remaining term of the advance.

Visit *Members Only* to view current rates.

FHLBANK OPTION

A European option (single option) allows FHLBank to convert the advance to a prepayable adjustable rate advance after a predetermined lockout period. A Bermudan option (strip of options) allows FHLBank to convert the advance to a prepayable adjustable rate advance after a predetermined lockout period and quarterly thereafter. Convertible advances can also be structured with "indexed knockouts" where the rate conversion is based solely on whether a pub-

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lished index (generally three-month LIBOR) is at or above a certain level on the possible conversion date(s). FHLBank will provide written notification two business days prior to an advance being converted.

BORROWER OPTION

On the date FHLBank exercises its conversion option, the borrower has the option to prepay the new adjustable rate advance. The borrower will have the option to prepay the adjustable rate advance at each reset date prior to maturity.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/360-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

12 to 180 months

PREPAYMENT OPTION

Convertible advances issued in amounts of less than $2.5 million: Non-prepayable until FHLBank exercises its option to convert the advance to an adjustable rate advance. Thereafter, prepayment will be permitted in full or in part on the date FHLBank exercises its conversion option and on any subsequent adjustable rate reset date as long as FHLBank is notified in writing one business day before prepayment.

FHLBank may waive the non-prepayment clause, in its reasonable discretion if FHLBank is able to terminate the portion of its interest rate swap that applies directly to the amount of the advance being prepaid. If FHLBank allows the advance to be prepaid, the advance may be prepaid in full (but not in part) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from the termination of the underlying interest rate swap used to structure the advance, but the fee shall not be less than $100.

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Convertible advances issued in amounts of $2.5 million or more: At any time before FHLBank exercises its conversion option, this advance may be prepaid in full (but not in part unless FHLBank is able to terminate the portion of its interest rate swap that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination of the underlying interest rate swap used to structure the advance, but the fee shall not be less than $100.00.

At any time after FHLBank exercises its conversion option, this advance may be prepaid in full or in part, without a fee, on the initial rate reset date and on any subsequent adjustable rate reset date, as long as FHLBank is notified in writing at least one business day before prepayment.

AVAILABILITY

Convertible advances may be requested until 3 p.m. CT.

Special Notice

The convertible advance has a complex risk profile and may be an unsuitable funding vehicle for some members or housing associates. Because of the embedded option(s), a convertible advance is inherently more risky than a regular fixed rate advance in terms of interest rate risk. Prudent use of a convertible advance requires risk evaluation of both the convertible advance and the cumulative effect of the convertible advance on an institution's overall risk profile. This information is not intended to be investment advice. The decision to obtain a convertible advance and understanding how it fits into an institution's financial or business strategy remains the institution's responsibility. Members and housing associates may be required to execute a convertible advance disclosure statement when applying for a convertible advance.

Structured Advances

The structured advance is an advance with an embedded cap, floor or collar that can help offset changes in interest rates. Options embedded in advances also help avoid ASC 815 (formerly FAS 133) issues.

Contains an embedded cap, floor or collar

Common Uses

Asset/liability and interest rate risk management

TERMS AND CONDITIONS

LIMITATIONS

Structured advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Structured advances are also subject to FHLBank's ability to obtain matching liabilities or hedging instruments. The minimum amount required for a structured advance is $2.5 million. Members or housing associates with smaller funding requests may obtain structured advances by participating in FHLBank's periodically advertised special advance offerings.

In addition, members and housing associates are limited to 25% of total assets (admitted assets for insurance company members) in convertible and structured advances. Assets are based on the most recent quarterly filings with the institution's regulatory agency. Exceptions require the pre-approval of FHLBank senior management.

RATE

The rate of interest is for the term in accordance with the selected advance maturity.

Contact Lending for current rates.

PRINCIPAL AND INTEREST

Principal is due at maturity.

Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and on the maturity or prepayment date. Interest is computed on an actual/365(6)-day basis for fixed rate advances. For adjustable rate advances, interest is computed based on the industry standard day basis for the index selected. For example, the London Interbank Offered Rate (LIBOR) is computed on an actual/360-day basis, whereas a Treasury bill is computed on an actual/365(6)-day basis.

Payments (principal and interest) should be received by FHLBank no later than 4 p.m. CT. Payments received after 4 p.m. CT may be subjected to a Late Advance Payment fee. Please refer to the *Fees* section of this Guide.

For information about principal repayments, refer to the *Credit Guidelines* section of this Guide.

TERM

12 to 180 months

Continued on next page

PREPAYMENT OPTION

Prepayable in full (but not in part unless FHLBank is able to terminate the portion of its interest exchange agreement(s) that applies directly to the amount of the advance being prepaid) at a fee determined by FHLBank, in its reasonable discretion, to be sufficient to make FHLBank financially indifferent to the prepayment, taking into account the present value of the advance spread (assuming the spread at the time of prepayment remains constant throughout the expected life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from termination or offset of any funding (including any consolidated obligations, interest rate exchange agreements and other financial instruments) associated with the advance, but the fee shall not be less than $100.

AVAILABILITY

Structured advances may be requested until 3 p.m CT.

Letters of Credit

A letter of credit provides an attractive alternative to using traditional collateral for various transactions. FHLBank's high credit rating ensures wide acceptance of a letter of credit for multiple purposes, including security for public unit deposits.

TERMS AND CONDITIONS

LIMITATIONS

FHLBank may issue or confirm a standby letter of credit on behalf of members and housing associates for the following purposes:

— To assist in facilitating residential housing finance;

— To assist in facilitating community lending as defined in 12 C.F.R §1269.2(a)(2) that is eligible for any of FHLBank's Community Investment Cash Advance (CICA) programs;

— To assist with asset/liability management; and

— To provide liquidity or other funding.

A *letter of credit*, as with other credit transactions, is subject to the maximum amount of credit available. Refer to the *Credit Guidelines* section of this Guide.

TERM

Generally, the term of a letter of credit is one year. However, the term may be extended at FHLBank's discretion based upon the maturity of the underlying obligation. A letter of credit will not be issued for a term exceeding 120 months unless the letter of credit is issued to support a derivative transaction, specifically an interest rate swap. Once the letter of credit is issued, it will remain in effect until the stated maturity date, unless all parties, including the beneficiary, agree in writing to an earlier termination.

COLLATERAL

A letter of credit must be fully collateralized at the date of issuance and at all times thereafter.

REQUIRED DOCUMENTS

Letter of Credit Agreement
Standby Irrevocable Letter of Credit Application

A Letter of Credit Agreement must be executed, which covers all letters of credit. This continuing agreement sets forth the terms, conditions and procedures authorized by FHLBank. A separate application must be submitted for each letter of credit, listing the beneficiary, purpose and other

Continued on next page

special instructions. To obtain these required documents, visit the *Members Only* section of FHLBank's website.

FEES

FHLBank will charge 1/8% per annum or a minimum of $125 for simple and straightforward arrangements on a letter of credit. A fee of 1/4% per annum or a minimum of $500 will be charged for confirming letters of credit where the purpose of the letter qualifies for facilitating community lending as defined in 12 C.F.R X1269.2(a)(2) (ex. enhancing a bond issue for moderate income housing or community development purposes). Fees for other letters of credit, specifically for enhancing bond issues, will be determined on a case-by-case basis. The minimum fee for these types of letters of credit will be 3/8% per annum or $500.

All fees will be prorated on an actual/365(6)-day basis for periods less than one year, subject to minimum fees. Institutions requesting a letter of credit in the amount of $5 million or more may elect to have the fee charged quarterly.

FHLBank will charge a $100 processing fee to the applicant for each draw on a letter of credit.

AVAILABILITY

Letter of credit requests may be made until 3:30 p.m. CT (7 a.m. to 3 p.m. for members and housing associates in the Mountain Time Zone).

Standby Credit Facility

The standby credit facility (SCF) is a variable rate, non-amortizing, prepayable, revolving standby credit line that provides members with access to guaranteed funds after the normal funding window closes. The SCF provides protection against unforeseen liquidity needs by guaranteeing the availability of late-day funds.

TERMS AND CONDITIONS

LIMITATIONS

SCF draws, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide. Members and housing associates may request an SCF up to $250 million. FHLBank will limit the aggregate outstanding to all members and housing associates to $1 billion.

SCF draws must be requested by 4:30 p.m. CT. Funds will be made available promptly at the time of request. The minimum amount of each SCF draw is $100,000. The aggregate outstanding principal of draws on the SCF may not exceed the SCF amount.

SCF repayments must be made by 4 p.m. CT. One day's interest will be charged for any SCF payment (principal and interest) received by FHLBank after 4 p.m. CT.

REQUIRED DOCUMENTS

Standby Credit Facility Application

To obtain a Standby Credit Facility Application, visit the *Members Only* section of FHLBank's website.

RATE

The rate of interest applicable to each individual SCF draw will be established at the current FHLBank line of credit rate at the time of the funding request. Any outstanding draws and balances from the previous day will be combined and repriced to an interest rate based on the opening FHLBank line of credit rate.

INTEREST

All draws will be charged a minimum of one day's interest. Interest is collected on the first business day of the month for the amount accrued through the last day of the previous month and at maturity. Interest is computed on an actual/360-day basis.

TERM

Up to one year

PREPAYMENT OPTION

Subject to the time constraints identified under the Limitations section, SCF draws are prepayable without a fee. Repayments are not accepted

Continued on next page

if funds have been drawn on the same day.

COLLATERAL

Any draws on the SCF must be fully collateralized prior to disbursement and at all times thereafter.

TERMINATION EVENT

In the event FHLBank receives written notice from the institution's primary regulator or federal insurer that the institution's use of FHLBank advances has been prohibited, then FHLBank may immediately terminate this SCF at any time by providing the institution written notice of said termination by 11 a.m. CT. In such event all outstanding draws and balances, including all accrued interest, will be required to be repaid no later than 4 p.m. CT on the day said written notice is received by the institution.

FORCE MAJEURE

No party shall be liable for any failure to perform its obligations under the SCF where such failure is a result of acts of nature (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, hostilities (whether war is declared or not), terrorist activities, nationalization, government sanction or confiscation, labor dispute, strike, lockout, or interruption or failure of electricity or telephone service, as long as such party takes reasonable steps (under the circumstances) to minimize delay or damages.

FEES

FHLBank will charge a non-refundable fee of 0.125% per annum of the SCF amount or a minimum fee of $10,000.

AVAILABILITY

Requests to establish an SCF may be made until 3:30 p.m. CT (7 a.m. to 3 p.m. for members and housing associates in the Mountain Time Zone).

Derivative Transactions

Derivatives, including interest rate swaps, caps and floors; equity options

Derivative transactions are interest rate swaps, caps and floors; or equity options used by members and housing associates to manage interest rate risk.

DEFINITIONS

An **interest rate swap** is a contractual agreement between two counterparties to exchange interest payments, calculated on a notional principal, over a specified period of time. Because the notional principal is not exchanged as part of the transaction, credit risk is limited to the present value of the expected payment differentials. Interest rate swaps can be efficient and cost-effective for managing interest rate risk. For example, in order to match the term of a fixed rate loan, institutions could enter into an interest rate swap that pays a fixed rate and receives a variable rate to convert core deposits from a floating rate to a fixed rate liability.

An **interest rate cap** is an option to receive contingent periodic cash flows over a specified period of time when the index rate exceeds the designated strike rate on specified determination dates. These cash flows are calculated on a notional principal based on an actual/360-day basis and determined by the differential between the strike rate and the index rate. Interest rate caps can be used to offset the effects of rate caps on assets or limit the interest cost on a floating rate liability. The price paid is called the cap premium.

An **interest rate floor** is an option to receive contingent periodic cash flows over a specified period of time when the index rate falls below a designated strike rate on specified determination dates. These cash flows are calculated on a notional principal based on an actual/360-day basis and determined by the differential between the strike rate and the index rate. Interest rate floors can be used to limit the impact to earnings from significant declines in interest rates. The price paid is called the floor premium.

An **equity call option** is the purchase of an option to receive a specified percentage of the performance of an equity index at the end of or over a specific time period (i.e., receive 90% of the average of the Standard & Poor's {S&P} 500 Index on specified measurement dates). FHLBank currently offers equity call options on a limited basis with established minimums.

TERMS AND CONDITIONS

LIMITATIONS

Derivative transactions, including interest rate swaps, caps, floors and equity options are subject to FHLBank's ability to obtain offsetting positions with approved counterparties.

Continued on next page

Derivative Transactions

Continued

Credit exposure arising from derivative transactions is incorporated into the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide.

TERM

12 to 120 months

COLLATERAL

The dollar amount of collateral required during the life of these transactions would be no less than the market value of the transaction including net accrued interest due FHLBank.

REQUIRED DOCUMENTS

International Swaps and Derivatives Association (ISDA) Master Agreement

Derivatives Transactions Resolution and Incumbency Certificate

Institutions must execute the documents listed above with FHLBank and provide supporting documentation that sets forth the terms, conditions and procedures governing these types of transactions.

The ISDA agreement is subject to, and part of, the Advance, Pledge and Security Agreement. To obtain these required documents, visit the *Members Only* section of FHLBank's Website.

FEES

Fees and/or interest rate spreads will be charged to cover costs and risks associated with derivative transactions.

AVAILABILITY

Derivative transactions may be requested until 3 p.m. CT.

Unsecured Credit Transactions

Common Uses

Liquidity management

Balance sheet funding

FHLBank offers unsecured credit transactions, specifically the ability to purchase overnight Fed funds.

TERMS AND CONDITIONS

ELIGIBILITY
FHLBank members are eligible to obtain unsecured credit transactions.

LIMITATIONS
FHLBank members must: (1) exhibit capital equal to or greater than $100 million; (2) maintain an NRSRO rating of A or higher; and (3) be approved by FHLBank.

RATE
The fixed rate of interest is based on the overnight Fed funds market and is determined by FHLBank at the time of each funding request.

PRINCIPAL AND INTEREST
Principal and interest is collected the following business day. Interest is computed on an actual/360-day basis. Payments should be received by FHLBank no later than 4 p.m. CT.

TERM
Overnight

AVAILABILITY
Availability of an unsecured credit transaction is dependent on FHLBank's cash position and is at the sole discretion of FHLBank. Requests may be made by contacting the Capital Markets department at 800.933.5427 from 8 a.m. to 5 p.m. CT (7 a.m. to 4 p.m. for customers in MT).

Demand Deposit Account

FHLBank Topeka's deposit services help cushion your institution against unexpected problems and provide the assurance and protection you need. Customers can review account activity daily via the Members Only section of FHLBank's website.

Common Uses

Post advance proceeds, repayments and interest

Post MPF Program loan acquisitions, repayments and interest

Post wire transfers

Post security safekeeping purchases, sales and principal and interest payments

Post stock activity (i.e., purchases, dividends, redemptions)

TERMS AND CONDITIONS

ELIGIBILITY

All FHLBank customers have access to FHLBank's Demand Deposit service.

LIMITATIONS

There are no minimum or maximum dollar limits.

RATE

Rate is set daily at a spread below the Fed funds rate earned by FHLBank.

Visit *Members Only* to view current rates.

INTEREST

Interest is paid on the first business day of the month for the amount accrued through the last day of the previous month. Interest is computed on an actual/360-day basis.

TERM

Balances roll over daily.

FEES

Please refer to the *Fees* section of this Guide.

AVAILABILITY

Demand Deposit transactions may be made until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).

Overnight Deposit Account

FHLBank's overnight deposit account provides excellent yield opportunities by allowing customers to invest excess liquidity. With FHLBank's high credit rating, the overnight deposit account is a high-quality alternative to direct Fed funds placement providing a competitive interest rate.

Customers can submit transactions and review account activity daily via the Members Only section of FHLBank's website.

TERMS AND CONDITIONS

ELIGIBILITY

All FHLBank customers have access to FHLBank's Overnight Deposit service.

LIMITATIONS

Overnight deposit transactions are made in multiples of $100,000.

RATE

Rate is set daily at a spread below the Fed funds rate earned by FHLBank.

Visit *Members Only* to view current rates.

INTEREST

Interest is computed on an actual/360-day basis and paid daily.

TERM

Balances roll over daily.

AVAILABILITY

Overnight Deposit transactions may be made until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).

Certificates of Deposit

FHLBank's certificates of deposit product is a convenient, short-term investment that is often used as a pledging vehicle for advances or public unit deposits.

TERMS AND CONDITIONS

ELIGIBILITY

All FHLBank customers have access to FHLBank's Certificates of Deposit service.

LIMITATIONS

The minimum amount is $100,000.

RATE

The rate is established relative to FHLBank's short-term cost of funds.

Visit *Members Only* to view current rates.

INTEREST

Interest is computed on an actual/360-day basis and paid at maturity.

TERM

Three to 360 days

AVAILABILITY

Certificates of Deposit may be requested until 4 p.m. CT (7 a.m. to 3 p.m. for customers in the Mountain Time Zone).

Wire Transfer Services

FHLBank's Wire Transfer services enable customers to access the Federal Reserve system for fund transfers, automated clearinghouse (ACH) applications, coin and currency and pass-through reserve processing. Wire Transfer requests are expedited through a direct computer interface via FHLBank's account with the Federal Reserve Bank of Kansas City. This service eliminates a customer's need to maintain a separate account with a Federal Reserve Bank. Customers can review same-day wire activity via the *Members Only* section of FHLBank's website.

TERMS AND CONDITIONS

ELIGIBILITY

All FHLBank customers have access to FHLBank's Wire Transfer services.

REQUIRED DOCUMENTS

Wire Transfer Authorization Form
ACH Authorization Form
Cash Services Application
Cash Services Authorization

To obtain these required documents, visit the *Members Only* section of FHLBank's Website.

OTHER REQUIREMENTS

Each individual authorized by a customer will receive a "Personal Identification Number" (PIN). This PIN must be given prior to initiating wires.

WIRING INSTRUCTIONS

FHLB Topeka
ABA #101101947

Include Demand Deposit Account (DDA) number and name of institution to credit on wire.

FEES

Please refer to the *Fees* section of this Guide.

AVAILABILITY

Outgoing wire transfers may be requested until 5 p.m. CT.

Safekeeping Services

FHLBank's Financial Services department can safekeep all types of securities, offer security pledging, segregating and repurchase transactions, and serve as a depository for any securities pledged to public unit deposits. Besides the services outlined above, the Financial Services department also provides claim processing for the timely resolution of payments for principal and interest, maturities, calls or other transactions. Customers can review account activity and current holdings reports daily via the *Members Only* section of FHLBank's website.

TERMS AND CONDITIONS

ELIGIBILITY

All FHLBank customers have access to FHLBank's Safekeeping services.

REQUIRED DOCUMENTS

Institutional Custody Agreement
Resolution for Custodial Services
Institutional Custody Authorization Form

To obtain Safekeeping agreements and authorization forms, visit the *Members Only* section of FHLBank's Website.

Security Delivery Instructions

Fed Book-entry
Citibank NYC/Cust
ABA #021000089
Ref: FHLBank Topeka - A/C #087088
FFC: Institution Name and DDA #

DTC Securities
Citibank NA
DTC #0908
Agent Bank #27603
Institutional ID #29878
A/C FHLBank Topeka - A/C #087088
FFC: Institution Name and DDA #

Physical Securities *(Street Delivery)*
Citibank NA (908)
DTC New York Window
55 Water Street – 1st Floor
New York, NY 10041
Ref: FHLBank Topeka - A/C #087088
FFC: Institution Name and DDA #

Physical Securities *(through mail and overnight courier)*
Citibank NA
399 Park Ave, Level B Vault
New York, NY 10022
(Attn: Mr. Sam Smith for commercial paper)
(Attn: Mr. Keith Whyte for all other physicals)
Ref: FHLBank Topeka - A/C #087088
FFC: Institution Name and DDA #

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FEES

The costs for Safekeeping services are reviewed periodically and are based on competitive factors. Please refer to the *Fees* section of this Guide.

AVAILABILITY

FHLBank's Financial Services department must be notified of any security activity by noon, one business day prior to settlement. Notification may be made via fax, phone or email, with the exception of free deliveries. Notification of free deliveries must include an authorized signature, so the request may be made via fax or email with scanned document attached.

Mortgage Partnership Finance® Program

Mortgage Partnership Finance® (MPF®) is a registered trademark of the Federal Home Loan Bank of Chicago.

The Mortgage Partnership Finance® (MPF®) Program is a secondary market alternative for fixed rate mortgage loans available to FHLBank members and housing associates who apply and are approved to become a Participating Financial Institution (PFI). The MPF Program includes traditional products that are held on balance sheet by FHLBank and a non-portfolio product - MPF Xtra.

The traditional products are MPF Original and MPF 125. With these products, FHLBank purchases first lien, conventional one-to-four family residential mortgage loans from PFIs and manages the prepayment, liquidity and interest rate risk associated with the loans. The PFI manages the credit risk of the loans they sell to FHLBank while keeping the customer relationship local.

For sharing in the credit risk of the loans sold into the MPF Program, a PFI receives a Credit Enhancement fee over the life of the loan of up to 10 basis points annually. Depending on the product option selected, the Credit Enhancement fee is either guaranteed or subject to the individual loan performance.

By sharing in the credit risk, a PFI is also required to maintain a Credit Enhancement obligation. The Credit Enhancement obligation is established in an amount that allows the credit rating of the purchased loans to be rated AA by a nationally recognized statistical rating firm. PFIs selling mortgage loans to FHLBank will be responsible for absorbing losses on the loans it sells up to a fixed Credit Enhancement obligation dollar amount. The PFI's Credit Enhancement obligation falls in a hierarchy of credit coverage behind homeowner equity, mortgage insurance if applicable, and FHLBank's First Loss Account (FLA).

FHLBank's first-loss obligation is specified in each master commitment (loan contract). FHLBank absorbs loan losses for loans in the master commitment up to the balance of the FLA or in amounts that exceed a PFI's Credit Enhancement obligation.

The traditional product options also include MPF Government for Federal Housing Administration/ Veterans Affairs (FHA/VA), HUD Section 184 and RHS Section 502 loans. Because of the Government guarantee, PFIs retain no credit risk and receive no Credit Enhancement fees.

FHLBank also offers MPF Xtra, which is a non-portfolio product for first-lien, conventional one-to-four family mortgages. The credit risk associated with mortgage loans under MPF Xtra is transferred to the end investor and as a result, the PFI does not retain a Credit Enhancement obligation or receive Credit Enhancement fees.

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Mortgage Partnership Finance® (MPF®) is a registered trademark of the Federal Home Loan Bank of Chicago.

FHLBank receives a counterparty fee from the end investor for facilitating the transaction.

TERMS AND CONDITIONS

ELIGIBILITY

Members and housing associates interested in participating in the MPF Program must apply to FHLBank to become a PFI. Suitability criteria include, but are not limited to the following:

- Satisfactory financial condition;
- Non-Performing Loans and REO ratios;
- Loan Loss Reserve ratios;
- Core Capital or Tier 1 Capital ratios;
- Risk-Based Capital ratios;
- Net Worth ratios;
- 1-4 residential loans percentages;
- Satisfactory review of the member's servicing, loan origination and investor reporting capabilities; and
- Under MPF Xtra, PFIs must have a composite CAMELS rating of "3" or better.

PRICING

MPF mortgage loan pricing is determined daily (intra-day) based on several factors that affect FHLBank's ability to hold the loans that are sold into the MPF Program. For the various risk-sharing MPF products, FHLBank Topeka uses a base price from the MPF Provider (FHLBank of Chicago) as a starting point. FHLBank then adjusts the base price to meet specific prcing objectives based on profitability, market competitiveness and volume management.

LIMITATIONS

PFIs selling mortgage loans to FHLBank must comply with the MPF Origination, Underwriting and Servicing Guidelines as promulgated by the MPF Provider as well as the FHLBank's Anti-Predatory Lending (APL) Policy. For the complete APL Policy, refer to the *Anti-Predatory Lending* section of this Guide.

A PFI's Credit Enhancement obligation, as with all other credit transactions, is subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide.

Supplemental quality control reviews may be requested as a result of a PFI's financial or portfolio performance, or the results of its periodic quality control review, at the discretion of FHLBank.

COLLATERAL

A PFI's Credit Enhancement obligation must be fully collateralized at all times.

SERVICING

PFIs have the ability to retain the servicing of their originated loans, subcontract that servicing to an MPF-approved servicer, or sell the servicing to an MPF-approved servicing aggregator. Additional income can be realized on an ongoing basis when the servicing is retained, and a Service Released

Mortgage Partnership Finance® (MPF®) is a registered trademark of the Federal Home Loan Bank of Chicago.

Premium provides almost immediate income when PFIs choose to sell the servicing.

MEMBER MORTGAGE PARTICIPATION

The Member Mortgage Participation (MMP) allows FHLBank to participate loans to member and housing associate investors that are funded and purchased under the conventional, on-balance sheet, credit-enhanced products or under the MPF Government loan product. The MMP offers members and housing associate investors the opportunity to purchase loans under a program with low historical losses stemming from good quality underwriting, origination and servicing functions.

AVAILABILITY

Institutions interested in the MPF Program should contact their account manager or the MPF department at 866.571.8171.

Community Housing Program

The Community Housing Program (CHP) is a special advance program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. The CHP provides members with wholesale loans (advances) priced below FHLBank's regular advance rates to help finance owner- and renter-occupied housing in their communities, subject to income qualifications (for details see Exhibit A of the *Targeted Community Lending Plan*).

Common Uses

Single family homes

Multifamily rental projects

Purchasing low-income housing tax credits

CHP Advance Products and Program

— Regular fixed rate advances

— Callable advances

— Amortizing fixed rate advances

— Adjustable rate advances

TERMS AND CONDITIONS

LIMITATIONS

CHP advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide for more information. In addition, CHP advances must be fully collateralized at date of issuance and at all times thereafter. Please refer to the *Collateral Guidelines* section for more information. CHP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CHP advances for their own benefit. The minimum amount of a CHP advance is $10,000.

REQUIRED DOCUMENTS

CDP/CHP Application

CHP applications must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain this document, visit the *Community Programs* section of FHLBank's website.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development programs.

RATE

CHP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. CHP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regula-

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tions of the CHP, the interest rates on the outstanding CHP advances may be changed to the regular advance rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

PRINCIPAL AND INTEREST

Normal principal and interest collection applies. For details, refer to the specific advance program.

TERM

Four to 360 months. For details, refer to the specific advance program.

PREPAYMENT OPTION

Normal prepayment fees will apply to CHP advances. For details, refer to the specific advance program.

AVAILABILITY

Members should allow 24 hours for processing a complete CHP application. Provided an approved CHP application is on file, advances may be requested from the *Lending department* until 4 p.m. CT.

Members are not committed to taking the full amount of approved CHP application amount; however, any unused CHP application amount shall expire 12 months from the date of the CHP application approval.

TECHNICAL ASSISTANCE

Contact the *Housing and Community Development department*.

Community Development Program

The Community Development Program (CDP) is a special advance program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. The CDP is designed to increase members' involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. The CDP provides wholesale loans (advances) priced below FHLBank's regular advance rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve (for details, see Exhibit B of the *Targeted Community Lending Plan*).

Common Uses

Ag loans for operating, equipment, breeding stock, real estate, or refinancing;

Commercial/small business loans for real estate, equipment, rolling stock, or refinancing;

Community loans for infrastructure, public facilities or equipment;

Nonprofit lending for churches, schools, daycares and museums; and

Purchase of a participation interest in a loan consortium for CDP-eligible projects.

CDP Advance Products and Programs

— Regular fixed rate advances

— Callable advances

— Amortizing fixed rate advances

— Adjustable rate advances

TERMS AND CONDITIONS

LIMITATIONS

CDP advances, as with all other credit transactions, are subject to the maximum amount of credit available. Please refer to the *Credit Guidelines* section of this Guide for more information. In addition, CDP advances must be fully collateralized at date of issuance and at all times thereafter. Please refer to the *Collateral Guidelines* section for more information. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. The minimum amount of a CDP advance is $10,000.

REQUIRED DOCUMENTS

CDP/CHP Application

CDP applications must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain this document, visit the *Community Programs* section of FHLBank's website.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development programs.

RATE

CDP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable

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maturities, including concession costs, plus a reasonable allowance for administrative costs. CDP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed to the regular advance rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

PRINCIPAL AND INTEREST

Normal principal and interest collection applies. For details, refer to the specific advance program.

TERM

Four to 360 months. For details, refer to the specific advance program. Advance terms should be consistent with the proposed use of funds.

PREPAYMENT OPTION

Normal prepayment fees will apply to CDP advances. For details, refer to the specific advance program.

AVAILABILITY

Members should allow 24 hours for processing a complete CDP application. Provided an approved CDP application is on file, advances may be requested from the *Lending department* until 4 p.m. CT.

Members are not committed to taking the full amount of approved CDP application amount; however, any unused CDP application amount shall expire 12 months from the date of the CDP application approval.

TECHNICAL ASSISTANCE

Contact the *Housing and Community Development department*.

Affordable Housing Program

The Affordable Housing Program (AHP) is a special program authorized by the Community Investment Cash Advance (CICA) regulations of the Federal Housing Finance Agency. Through the use of subsidized advances and direct subsidies, the AHP helps members provide financing for owner-occupied and rental housing that is affordable to very low-, low- and moderate-income households. Refer to the *AHP Implementation Plan* for more information.

Each year end, FHLBank allocates 10% of its net earnings to award in AHP subsidies the following year. The annual allocation is awarded in a competitive round, with applications accepted March 7 through April 15.

COMMON USES

AHP provides a source of funds to cover a portion of the financial gap that exists in a housing project or program targeted to very low-, low- and moderate-income households. For direct subsidy requests, applicants and sponsors must show that the debt-carrying capacity of the project is insufficient to fund all of the project's costs. For subsidized advances, the applicant must show that the loan financing for the project requires a below-market interest rate to be feasible. A member receiving a subsidized advance must extend credit to qualified borrowers at an effective rate of interest discounted at least to the same extent as was the subsidy FHLBank granted to the member.

PROJECT CRITERIA

Eligible applications for AHP funds are reviewed by FHLBank staff using a competitive process. AHP applications must satisfy the following requirements:

1. At least 20% of the rental units must be occupied by and affordable to very low-income households. All homeowner or owner-occupied units must be occupied by very low-, low- or moderate-income households;
2. Reasonable and customary project costs, sources of funds and pro forma projections of operating costs documenting the need for the amount of the AHP subsidy requested must be consistent with AHP standards;
3. Applicants must have the ability to draw AHP funds or to secure other funding within 12 months of approval with one six month extension possible;
4. Applicants must commit to not using an AHP subsidy for FHLBank advance prepayment or processing fees;
5. AHP funds can only be used for refinancing

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if the refinancing produces equity proceeds that are used for purchase, construction, or rehabilitation;

6. Long-term retention is restricted to 15 years for rental units and five years for owner-occupied housing;

7. All applicants must provide an affirmative fair housing marketing plan and comply with fair housing laws;

8. The maximum AHP subsidy per project is $500,000. The maximum AHP subsidy per unit is $30,000;

9. Project sponsors, nonprofit and for-profit developers must be qualified and able to perform the responsibilities described in the AHP application;

10. As stated in the *AHP Implementation Plan*, the rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the AHP subsidy cannot exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.

BOARD OF DIRECTORS APPROVAL

FHLBank will forward to its board of directors for final funding consideration the applications receiving the highest overall ratings based on AHP funding criteria. To ensure an adequate pool of projects for consideration, FHLBank staff will forward to the board the highest ranking projects sufficient to exhaust the funds available under the AHP plus the next six alternates.

ELIGIBILITY

FHLBank will only disburse AHP funds to institutions that are FHLBank members at the time the funds are requested and approved for transfer.

Rental and owner-occupied projects are subject to deed restrictions or other legally enforceable retention agreements or mechanisms guaranteeing that:

1. The project will remain affordable and income restricted for the length of the retention period;

2. FHLBank will be notified of the sale or refinancing of the project before the retention period ends;

3. For rental projects the full amount of subsidy will be repaid to FHLBank at sale or refinancing, unless the project continues to be subject to a retention document with the same requirements as the AHP application;

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4. For owner-occupied units, a pro rata share of the subsidy may be required to be repaid to FHLBank at sale or refinancing unless sold to a very low-, low- or moderate-income household. The amount of subsidy subject to repayment declines 1/60th each month for five years and is then forgiven; and

5. The income eligibility and affordability restrictions applicable to the project terminate after any foreclosure.

PROGRAM DOCUMENTS

Affordable Housing Program
- AHP Application
- AHP Application Exhibits
- Rental Feasibility Workbook
- Owner-occupied Feasibility Workbook

Regulations and Implementation Plan
- AHP Regulations
- AHP Implementation Plan

Income Limits
- Dept. of Housing & Urban Development Income Limits (rental)
- Mortgage Revenue Bond Income Limits (owner-occupied)

Owner-occupied Disbursement
- Owner-occupied Rehab Disbursement Request Workbook
- Owner-occupied Purchase Disbursement Request Workbook
- Owner-occupied Real Estate Retention Agreement

Rental Disbursements
- Certificate of Commitments
- Rental Feasibility Workbook
- Rental Project Report (if applicable)
- Rental Disbursement Request Form
- Rental Retention Documents

Rental Project Monitoring
- Rental Feasibility Workbook
- Rental Project Report

AHP applications and forms must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain these documents, visit the *Community Programs* section of FHLBank's website.

TECHNICAL ASSISTANCE

Contact the *Housing and Community Development department*.

Homeownership Set-aside Program

The Homeownership Set-aside Program (HSP) provides down payment, closing cost or repair assistance to low- and moderate-income first-time homebuyers purchasing a home in FHLBank's district.

THE HSP

- Allows for but does not require the use of secondary market and mortgage insurance;
- Requires a minimum $500 down payment by the buyer;
- Provides up to $5,000 in HSP funds to fill a funding gap, for all HSP recipients;
- Allows HSP funds to be combined with a non-FHLBank subsidy;
- Allows a CHP advance to fund first mortgage loans to homebuyers receiving HSP funds;
- Can be used for down payment, closing costs or repair assistance;
- The rate of interest, points, fees and any other charges must not exceed a reasonable market rate of interest, points, fees and other charges for a loan of similar maturity, terms and risk; and
- Allows first mortgage loans originated by member to be sold into the MPF Program.

TERMS AND CONDITIONS

LIMITATIONS

Members may request a maximum of $5,000 per household. The 2016 HSP reservation period shall commence on March 7, 2016, and end on November 14, 2016, subject to availability of funds. The HSP Registration Agreement will be available after January 1.

Funding is on a first-come, first-served basis of $25,000 per member, per month for the time period of March 7 through July 1, 2016.

FHLBank will evaluate funds remaining after July 1, 2016, and determine whether to continue, discontinue or change the members' funding limit.

HSP subsidies may not be used for home purchases closed prior to reservation and income

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approval of the HSP funds or prior to the HSP funding period. Members shall not charge processing fees for providing HSP subsidies to a household.

PROGRAM/HOUSEHOLD REQUIREMENTS

TARGETED INCOME

The household must have an income that is 80% or less of the applicable area median income.

TARGETED HOUSEHOLDS

Refer to Common Uses at left for a description of the type of households targeted by the Homeownership Set-aside Program.

RETENTION

— Household is subject to a deed restriction or other legally enforceable retention agreement.

— A pro rata share of the subsidy may be required to be repaid to FHLBank at sale or refinancing, unless sold to a very low-, low- or moderate-income household.

— The amount of subsidy subject to repayment declines 1/60th each month for five years and is then forgiven.

BUYER'S INVESTMENT

The buyer is required to provide a minimum $500 toward down payment and closing costs. Private mortgage insurance or secondary market programs may require a higher down payment. A household may not receive cash back at closing.

EDUCATION COMPONENT

The homebuyer must complete an acceptable homebuyer counseling program prior to disbursement. HSP funds are provided only to households that complete a homebuyer counseling program provided by, or based on one provided by, an organization recognized as experienced in homebuyer counseling.

HSP FUNDING PROCEDURES

RESERVATION OF HSP SUBSIDY

To reserve funds for a prospective homebuyer, a member must submit an HSP Reservation Workbook and income documentation as specified in the HSP Manual to FHLBank. FHLBank shall notify the member when the HSP reservation has been approved.

Common Uses

The HSP provides down payment, closing cost and repair assistance to first-time homebuyers earning at or below 80% of AMI for households purchasing or constructing a home in Colorado, Kansas, Nebraska or Oklahoma

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HSP DISBURSEMENT REQUEST PROCEDURES

The member must submit via TrueShare the following for each disbursement request:

— An HSP disbursement request form signed by member personnel authorized to request FHLBank advances (the person's name must be on the Credit Authorization or Credit Resolution form);

— A copy of the final Closing Disclosure;

— FHLBank Topeka Real Estate Retention Agreement or other legally enforceable retention agreement;

— Homebuyer Education Certificate;

— A signed estimate or invoice for repair expenses if required by FHLBank; and

— Other documentation requested by FHLBank.

FHLBank's Housing and Community Development staff will verify that all required documentation is correct and in place, then an approval will be granted and a disbursement request forwarded to FHLBank's Accounting department to credit the member's DDA.

FORMS AND GUIDES FOR HSP

— HSP Member Registration Agreement
— HSP Manual
— FHLBank Topeka Real Estate Retention Agreement or other legally enforceable retention agreement (as required by FHLBank)
— AHP Implementation Plan

HSP agreements and forms must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain the required documents, visit the *Community Programs* section of FHLBank's website.

TECHNICAL ASSISTANCE

Contact the *Housing and Community Development department*.

Eligible Uses of Credit Products and Programs

A member or housing associate may request credit for any sound business purpose in which it is authorized to engage. This includes making residential mortgage and consumer loans, covering deposit withdrawals, accommodating seasonal cash needs, restructuring liabilities and maintaining adequate liquidity.

CREDIT AVAILABILITY

In determining the availability of credit to an institution, FHLBank is subject to regulatory directives and limitations and will take into consideration, among other factors, legislative and practical funding constraints as well as its responsibility to preserve FHLBank's financial integrity and long-term viability. While FHLBank makes every reasonable effort to meet the credit needs of its members and housing associates, it reserves the right to deny any credit request.

Furthermore, an institution's access to credit with maturities of one year or longer will be restricted 30 days after notice is sent by the Federal Housing Finance Agency (FHFA) that the institution is not in compliance with the requirements in the Community Support regulation.

The availability of credit may also be curtailed at any time without prior notice by FHLBank because of adverse market or other conditions, as determined by FHLBank in its discretion.

As a condition for the extension of credit by FHLBank, the institution shall notify FHLBank of any material adverse change in or affecting the institution's financial condition no later than three business days after the institution becomes aware of such change.

LIMITS ON LONG-TERM ADVANCES

Advances with original maturities greater than five years are considered long term and can only be made for the purpose of enabling an institution to purchase or fund new or existing Residential Housing Finance Assets (RHFAs). As a result, the sum of an institution's advances with original maturities greater than five years cannot exceed the sum of the RHFAs held by the institution.

RHFAS INCLUDE ANY OF THE FOLLOWING:

- Loans secured by residential real property (see definition on next page);
- Mortgage-backed securities;
- Participations in loans secured by residential real property;
- Loans financed using the Community Investment Cash Advance Program;
- Loans secured by manufactured housing, regardless of whether such housing qualifies as residential real property; or
- Any loans or investments which the Federal Housing Finance Agency, in its discretion, otherwise determines to be RHFAs.

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Material adverse changes include, but are not limited to, a significant loss, events that may significantly affect the value of pledged collateral or the ability of the member to satisfy its FHLBank credit obligations. Failure to notify FHLBank in this time frame could constitute an Event of Default, as defined by the Advance, Pledge and Security Agreement.

For captive insurance companies, the institution's parent must execute an irrevocable and unconditional guarantee for the prompt and complete payment and performance by the institution of any and all existing and future indebtedness. Unless pre-approval is given by FHLBank senior management, the guarantor must do the following:

— Mortgage Company Sponsored Captive Insurance Company guarantors must maintain:
  - Core Capital (Net Worth) of at least $100 million;
  - Core Capital (Net Worth) to Total Tangible Assets Ratio greater than 6.50%;
  - Total Debt to Core Capital (Leverage) Ratio less than 10 times; and
  - Unrestricted cash or cash equivalents greater than 2% to Total Assets.

RESIDENTIAL REAL PROPERTY MEANS ANY OF THE FOLLOWING:

- One-to-four family property;
- Multifamily property;
- Real property to be improved by the construction of dwelling units;
- Real property in the process of being improved by the construction of dwelling units; or
- Community Financial Institutions (CFIs) may also include small farm loans, small business loans and small agri-business loans. See *Definitions* section for more about CFIs.

— Non-Mortgage Company Sponsored Captive Insurance Company guarantors must maintain:
  - Minimum Tangible Net Worth of at least $100 million;
  - Core Capital (Net Worth) to Total Tangible Assets Ratio greater than 5%;
  - Total Debt to Core Capital (Leverage) Ratio less than eight times; and
  - Unrestricted cash or cash equivalents greater than 1% to Total Assets.

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BANK SECRECY AND ANTI-MONEY LAUNDERING COMPLIANCE

As a condition for the extension of credit by FHLBank, each member shall maintain effective anti-money laundering controls designed to prevent the use of FHLBank's products and service to facilitate money laundering, the funding of terrorists, fraud or other criminal activity.

MAXIMUM CREDIT AVAILABLE

The maximum level of advances, letters of credit, draws on standby credit facility, MPF Credit Enhancement obligations and credit exposure under derivative transactions are limited as follows:

— FHLBank credit obligations to total assets is limited to 40%. Exceptions may be granted up to 55% with the pre-approval of FHLBank senior management. Total assets for insurance company members are defined as admitted assets. Captive insurance company members may include the parent company's assets as long as a parental guarantee is executed;

— FHLBank credit obligations may not exceed the collateral lending value of loan assets identified on the Qualifying Collateral Determination (QCD) form, plus the lending value of securities and/or loan collateral delivered and pledged to FHLBank or an FHLBank-approved third-party custodian on behalf of FHLBank; and

— Long-term advances from FHLBank (original term greater than five years) may not exceed RHFAs.

— CDFIs are further limited to credit obligations with a term of two years or less without prior written approval from FHLBank senior management.

— Mortgage Company Sponsored Captive Insurance Companies are further limited to credit obligations with a term of 45 days or less and Non-Mortgage Company Sponsored Captive Insurance Companies are further limited to credit obligations with a term of five years or less without prior written approval from FHLBank senior management.

Total assets and RHFAs are generally determined from the most recently completed and finalized quarterly filing with an institution's regulatory agency. Institutions may be able to identify additional RFHAs that can be used to increase long-term borrowing capacity. Visit *Members Only* to access the document outlining how to identify these additional RFHAs.

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CREDIT STANDARDS

FHLBank officers are authorized to make new advances or restructure outstanding advances with due regard for the safety of FHLBank's financial position after carefully considering an institution's financial condition and the availability of funds at FHLBank or in the capital markets.

REQUIRED DOCUMENTS

Before granting a credit request, FHLBank must have on file the following documents:

— **Advance, Pledge and Security Agreements**
These are the master legal documents governing all credit transactions between the member or housing associate and FHLBank.

— **Credit Resolution/Credit Authorization Forms**
The Credit Resolution form authorizes the member or housing associate to enter into credit agreements with FHLBank and names those individuals authorized to both borrow on behalf of the member or housing associate and to further delegate borrowing authority. The Credit Authorization form is used to identify additional individuals authorized to borrow on behalf of the member or housing associate. These forms should be updated periodically to reflect changes in personnel authorized to borrow.

— **Qualifying Collateral Determination (QCD) Form**
The QCD form identifies the institution's eligible loan collateral available to cover outstanding credit obligations. This form must be updated on a quarterly basis by each institution with outstanding credit obligations. Please refer to the *Collateral Guidelines* section of this Guide regarding the specific procedures.

To obtain these requirement documents, visit the *Members Only* section of FHLBank's website.

TAKEDOWN OPTIONS

While FHLBank makes every reasonable effort to meet the funding needs of its members and housing associates, it reserves the right to deny any advance request, especially those made late in the day.

On advances other than regular fixed rate and amortizing fixed rate, pricing and disbursement procedures are determined on a case-by-case basis. Takedown provisions and rate-setting procedures may vary if the advances are funded directly from the issuance of Federal Home Loan Bank consolidated obligations or involve derivative transactions

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used by FHLBank to create funding for a member or housing associate. Advance proceeds are automatically deposited in the institution's DDA on the funding date.

PRINCIPAL REPAYMENTS

FHLBank must receive the funds associated with aggregate principal repayments (scheduled maturities and discretionary prepayments) of $250 million to $1 billion by noon CT. Repayments of this volume may be received by FHLBank between noon and 4 p.m. CT with a two-business day prior notification. FHLBank may, at its discretion, require same-day redemption of the capital stock associated with these repayments. Aggregate principal repayments of $1 billion or more require the pre-approval of FHLBank senior management. Principal repayments of $250 million or more not received according to these guidelines will be rolled into a one-day advance.

TRANSFER OF ADVANCES AND LETTERS OF CREDIT

With prior approval from FHLBank, a member or housing associate may transfer an advance, letter of credit, standby credit facility, derivative or forward settling advance (FSA) commitment to another Tenth District institution. The receiving entity is subject to FHLBank's normal credit guidelines, and a $100 transfer fee will be charged to the transferor.

INVESTMENT AND CONSULTING ADVICE DISCLAIMER

The information in this Guide and in FHLBank's promotional and educational materials (including, without limitation, FHLBank website content and FHLBank-supplied financial models) is not intended to be investment or consulting advice.

In marketing efforts involving advances and other programs designed to match or offset a specific asset or group of assets, FHLBank is offering only its products and programs and is not offering, selling or soliciting the purchase of any assets.

FHLBank is not, and shall not be deemed a) a partner, joint venturer or otherwise associated in any way with any issuer, underwriter or broker/dealer; b) responsible for any representations made by any issuer, underwriter, broker/dealer or any of their representatives; or c) a fiduciary, agent or otherwise acting in any capacity on behalf of any institution.

FHLBank does not guarantee the accuracy of, or methods used in, its analysis of how certain assets may perform. FHLBank assumes no

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responsibility for ensuring that the terms of advances match the terms of a specific asset or group of assets. FHLBank is not responsible if the characteristics of assets differ from any projections, resulting in a lower return or loss to the institution, nor is FHLBank responsible for any loss that may otherwise be incurred as a result of the institution's purchase of any asset.

The decision to obtain advances and other products, and the analysis of how they may complement an institution's financial or business strategy, remains the institution's sole responsibility.

CAPITAL STOCK REQUIREMENTS

The Gramm-Leach Bliley Act specifies that FHLBank must meet certain minimum regulatory capital requirements, including the maintenance of a minimum level of permanent capital as a cushion against a loss.

FHLBank's regulatory capital requirements are:

— to maintain a total capital ratio of at least 4%. This ratio is FHLBank's total capital to total assets. Total capital is the sum of (a) Capital Stock (both Class A and Class B Common Stock); (b) retained earnings, which are determined in accordance with generally accepted accounting principles; (c) the amount of FHLBank's general allowance for losses (if any); and (d) such other amounts (if any) as may be approved by the Federal Housing Finance Agency.

— to maintain a leverage capital ratio of at least 5%. This ratio is 1.5 times the sum of FHLBank's Class B Common Stock and retained earnings (plus the other components of the total capital detailed above) to its total assets; and

— to maintain permanent capital in an amount equal to or greater than the Risk-Based Capital Requirement, which is equal to the sum of FHLBank's credit risk, market risk and operations risk capital requirements. Permanent capital is defined as the sum of FHLBank's Class B Common Stock and retained earnings.

Under FHLBank's capital plan, two classes of stock are issued to members: Class A Common Stock (six-month redemption period) and Class B Common Stock (five-year redemption period). Minimum stock purchase requirements for members have been established for each class of stock. All issuances, redemptions and repurchases of stock by FHLBank are completed at a par value of $100.

MINIMUM STOCK PURCHASE REQUIREMENT

Each member must maintain a certain minimum amount of capital stock to (1) become and remain a member of FHLBank (Asset-based Stock Purchase Requirement, which is met only with Class A Common Stock); and (2) to enter into specified activities with FHLBank (Activity-based Stock Purchase Requirement, which is met with Class A Common Stock up to a member's Asset-based Stock Purchase Requirement and then with Class B Common Stock to the extent

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that the Activity-based Stock Purchase Requirement exceeds a member's Asset-based Stock Purchase Requirement). The minimum capital stock purchase is the sum of the Asset-based Stock Purchase Requirement and the Activity-based Stock Purchase Requirement.

ASSET-BASED REQUIREMENT

The amount of Class A Common Stock a member must maintain is referred to as the Asset-based Stock Purchase Requirement. The current requirement is 0.10% of a member's total assets as of December 31 of the preceding calendar year, with a minimum of $1,000 and a maximum of $500,000. The Asset-based Stock Purchase Requirement is recalculated in April of each year with any necessary purchases made on the last business day of April.

ACTIVITY-BASED REQUIREMENT

The amount of Class B Common Stock a member must maintain is referred to as the Activity-based Stock Purchase Requirement. The current requirement is equal to the sum of the following less the member's Asset-based Stock Purchase Requirement:

— 4.5% of the principal amount of advances outstanding to the member (which would include any line of credit and standby credit facility draws); plus

— The Activity-based Stock Purchase Requirement is recalculated with any change in member activity. Any necessary purchases are charged to the member's DDA at the end of each business day. Excess Class A Common Stock will be automatically swept for Class B Common Stock before purchasing additional Class B Common Stock.

CHANGE IN MINIMUM STOCK PURCHASE REQUIREMENT

FHLBank, in its discretion, has the right to adjust the above percentages and to adjust the cap on the dollar amount of Capital Stock a member must purchase as a result of the Asset-based Stock Purchase Requirement or the Activity-based Stock Purchase Requirement. This is so that FHLBank can continue to comply with the federal requirements to maintain capital levels at or above the minimum regulatory capital requirements. Please refer to the *capital plan* for more information on the allowable ranges.

DIVIDENDS

FHLBank may declare and pay non-cumulative dividends, expressed as a percentage rate per annum, in either cash or Class B Common Stock. Class A Common stockholders and Class B Common stockholders will share equally in

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dividend payments up to the Dividend Parity Threshold (DPT). The DPT is determined by FHLBank's board of directors. To obtain the current DPT, visit the *Members Only* section of FHLBank's website.

FHLBank will notify members of any changes to the DPT at least 90 days prior to any dividend payment to which the change would apply. Dividends in excess of the DPT may be paid on Class A Common Stock or Class B Common Stock at the discretion of the board of directors provided, however, that the dividend rate per annum paid on Class B Common Stock must equal or exceed the dividend rate per annum paid on Class A Common Stock.

EXCESS STOCK INVESTMENT

A member may hold capital stock in excess of its Minimum Stock Purchase Requirement to the extent it has the legal authority under applicable statutes and regulations, subject to the following:

REDEMPTION REQUESTS

A member may make a written request to redeem excess Class A Common Stock or excess Class B Common Stock. The redemption period for Class A Common Stock is six months, and the redemption period for Class B Common Stock is five years. The redemption period(s) commence(s) upon FHLBank's receipt of a member's written redemption request. FHLBank will notify the member within five business days of the receipt of a redemption request if it does not intend to, or cannot immediately, repurchase the stock subject to the request.

A member may cancel any request to redeem capital stock. Pertaining to a redemption request made of FHLBank, an automatic cancellation of a member's stock redemption request will occur five business days from the end of the redemption period if FHLBank is prevented from redeeming a member's stock during this five-day period because the redemption would cause the member to fail to meet its Minimum Stock Purchase Requirement. A member's DDA will be charged a Redemption Request Cancellation fee of 1.0% of the par value of Class A Common Stock plus an increasing percentage of the par value of Class B Common Stock equal to 1.0% if cancelled in the first year of the redemption period, 2.0% if cancelled in the second year, 3.0% if cancelled in the third year, 4.0% if cancelled in the fourth year, and 5.0% if cancelled in the fifth year.

REPURCHASE OF EXCESS STOCK

FHLBank may, in its sole discretion, repurchase

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excess stock held by its members. In initiating a repurchase, FHLBank will provide members not less than five business days' written notice of its intent to repurchase excess stock.

EXCHANGE OF EXCESS STOCK

FHLBank may, in its sole discretion, elect to exchange all or a portion of excess Class B Common Stock for Class A Common Stock at any time FHLBank determines that members hold excess stock. Prior to an exchange, other than under a regular exchange program (referenced below), FHLBank will provide members not less than five business days' written notice. Likewise, in its discretion, FHLBank may exchange excess shares of Class A Common Stock for shares of Class B Common Stock (or vice versa) per a member's request, provided that FHLBank can continue to meet its regulatory capital requirements.

A regular exchange program may be initiated by FHLBank, in its sole discretion, with 30 calendar days' written notice to members prior to the first scheduled exchange. If FHLBank will not exchange all excess stock of a member or changes the interval of a regular exchange program, it will provide not less than five business days' written notice of such intent.

A member may request cash in lieu of Class A Common Stock in any such exchange by providing written notice more than 30 calendar days prior to the exchange. Such notice will serve to direct FHLBank to pay cash in lieu of Class A Common Stock for all future exchanges until the member provides a written request to terminate the directive and FHLBank, in its sole discretion, allows such directive to be terminated.

REQUIRED DOCUMENTS

— Capital Stock Redemption Request Form

— Capital Stock Redemption Request Cancellation Form

— Capital Stock Exchange Request Form

— Capital Stock Cash in Lieu of Class A Common Stock Request and Cancellation Form

To obtain the documents listed above, visit the *Members Only* section of FHLBank's website.

AVAILABILITY

Capital stock requests on the forms listed above may be made until 4 p.m. CT.

APPLYING FOR MEMBERSHIP

ELIGIBILITY

To be approved as a member of FHLBank, applicants must satisfy the regulatory requirements of regulation *12 CFR Part 1263* of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board. Any building and loan, savings and loan, cooperative bank, homestead association, insurance company, savings bank, community development financial institution (CDFI – including a CDFI credit union) or insured depository institution, upon application and satisfaction of the requirements of the Act and the following parameters, shall be eligible to become a member of FHLBank.

— The institution is duly organized under federal or state laws, including tribal laws for CDFIs.

— The institution is subject to inspection and regulation by the FDIC, Federal Reserve Board, NCUA or OCC, or in the case of an insurance company, subject to inspection and regulation by an appropriate state regulator accredited by the National Association of Insurance Commissioners (NAIC). CDFIs, other than CDFI credit unions, must be certified by the CDFI Fund.

— The institution purchases or originates long-term home mortgage loans (with a maturity of five years or more). An institution may also qualify through a mortgage banking operation or by purchasing and holding mortgage-backed securities (MBS) (including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs)). For purposes of this criterion, the MBS must represent (1) a right to receive a portion of the cash flows from a pool of long-term home mortgage loans, or (2) an interest in other securities that meet the requirements of (1).

— The institution has at least 10% of its total assets in residential mortgage loans based on the applicant's most recent regulatory financial report filed with its appropriate regulator. Residential mortgage loans may include: first and junior lien mortgage loans, multifamily mortgage loans, manufactured housing loans, home equity loans, MBS (including CMOs and REMICs), residential construction loans, and dormitory, retirement home, nursing home and single-room occupancy loans. Mortgage assets held under a repurchase agreement are not eligible. An alternative to the 10% requirement has been developed

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for insurance company and CDFI qualification. Insurance companies and CDFIs can demonstrate their committment to housing finance, as reported in their financial statements that are either filed with the NAIC or in the case of CDFIs, audited by an independent firm, by having an investment in residential mortgage loans as defined in 12 C.F.R. §1263.1, which includes single family and multifamily mortgages, MBS (including CMOs and REMICs) and home equity loans that equal or exceed 5% of total assets. For purposes of this criterion, the MBS must represent (1) a right to receive a portion of the cash flows from a pool of residential mortgage loans, or (2) an interest in other securities that meet the requirements of (1). Community Financial Institutions (CFIs) are exempt from the 10% rule. CFIs are FDIC-insured depository institutions whose average total assets over the last three years (as of Dec. 31) are less than a specific asset size. To obtain the current asset cap, visit the *Members Only* section of FHLBank's website.

— The institution's latest regulatory examination and results of a financial analysis performed by FHLBank staff indicate the institution's financial condition is such that advances may be safely made.

— The institution's management history and home financing policy are consistent with sound and economical home financing. CDFIs must provide a written narrative describing how the CDFI supports housing finance including loan originations and related investments, activities and services.

Institutions interested in applying for membership in FHLBank should contact the *Sales department*.

TRANSFERS OF MEMBERSHIP

Any member of another Federal Home Loan Bank that relocates its principal place of business to FHLBank's district or that redesignates its principal place of business to FHLBank's district pursuant to §1263.18(c) automatically shall become a member of FHLBank upon the purchase of the minimum amount of FHLBank stock required for membership in FHLBank, as required by §1263.20.

CORPORATE CHANGES

Members involved in a merger, acquisition, consolidation or charter conversion, or those requesting authorization changes, should contact

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FHLBank's *Product Administration department* to evaluate the potential impact on their membership status and credit availability.

TERMINATION OF MEMBERSHIP

If any membership in FHLBank is terminated, the indebtedness of such member to FHLBank shall be liquidated in an orderly manner, as determined by FHLBank. Any such liquidation of advances or cancellation of FSA commitments prior to maturity shall be deemed a prepayment and shall be subject to the applicable prepayment fees. In such instances, FHLBank will establish appropriate arrangements with respect to the orderly redemption of FHLBank stock held by the member.

PRICING METHODOLOGY

Interest rates charged by FHLBank on advances are generally a function of market conditions and the following:

- FHLBank's marginal cost of funds for matching maturities, taking into account volume and type of funding required;
- FHLBank's cost of delivering and customizing products (general and administrative expenses and various interest rate risks);
- Rates on competing sources of funds for members and housing associates; and
- FHLBank's marginal and overall profitability objectives.

DIFFERENTIAL PRICING

The following pricing programs do not apply to line of credit, affordable housing or advances under FHLBank's Housing and Community Development programs. Only one of the following pricing programs may apply to a single advance:

ADVANCE-TO-ASSET RATIO DISCOUNT

If an institution's advance-to-total asset ratio (advance-to-admitted asset ratio for insurance company members) is at least 10%, the advance rate will be 5 basis points (.05%) lower than the regularly posted advance rate (Standard Pricing) for fixed rate advances with terms greater than 12 months, excluding convertible and structured advances. To determine eligibility for the discount, the ratio is calculated by taking the average advance balance for the previous calendar month divided by total assets as indicated by the applicable regulator.

SPECIAL ADVANCE OFFERINGS

Special advance offerings may be posted from time to time. All members and housing associates are eligible to participate in special advance offerings. Initially, FHLBank may limit the dollar amount of each advance request to encourage broad participation in these offerings.

Continued on next page

FHLBank will make reasonable efforts to notify members and housing associates of special offerings.

VOLUME DISCOUNT

FHLBank may provide discounted pricing based on the following tiered structure:

STANDARD PRICING

Advance request less than $5 million

TIER #1

Advance request of $5 million, but less than $25 million

TIER #2

Advance request of $25 million, but less than $50 million

TIER #3

Advance request of $50 million, but less than $100 million

TIER #4

Advance request of $100 million, but less than $250 million

TIER #5

Advance request of $250 million or greater

The volume discount will be automatically applied to any advance request (single maturity) of $5 million or more. Commonly owned members may consolidate advance requests made at the same time for the same maturity to achieve volume discounts.

ACCESSING ADVANCE RATES

Opening morning Standard Pricing rates (no discounts applied) are generally posted by 9:30 a.m. CT and may be obtained via the *Members Only* section of FHLBank's Website or by calling the Lending department. Volume discount or tier pricing can also be obtained by calling Lending at 800.809.2733. Advance rates throughout the day will be established at the time of the advance request.

Borrowing by Housing Associates

The Housing and Community Development Act of 1992 amended Section 10(b) of the Federal Home Loan Bank Act to facilitate borrowing from the Federal Home Loan Banks by housing associates. The policy (at right) governs the extension of credit by FHLBank to a housing associate, including those that qualify as State Housing Finance Agencies.

ELIGIBILITY

To qualify as an eligible housing associate, an entity must:

— Be chartered under law and have succession;

— Be subject, pursuant to statute or regulation, to inspection and supervision of a government agency;

— Lend its own funds as its principal activity in the mortgage field; and

— Be approved by HUD as a mortgagee pursuant to HUD regulations adopted under Title II of the National Housing Act.

CREDIT UNDERWRITING

Extensions of credit must be in compliance with the Federal Home Loan Bank Act and regulations of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board. Extensions of credit must also conform to the *Credit Guidelines* section of this Guide. A housing associate must submit an advance certification with each request to borrow. The advance certification will identify the purpose of the advance and the type of collateral being used for security.

COLLATERAL REQUIREMENTS

Housing associates are required to deliver collateral to FHLBank.

ADVANCE, PLEDGE AND SECURITY AGREEMENTS

All members and housing associates must execute an Advance, Pledge and Security Agreement and have collateral coverage in place to use FHLBank's products and other programs. The institution's level of collateral coverage is the sum of the lending values of all eligible collateral pledged to FHLBank. The lending values for each type of eligible asset can be found in the *Schedule of Eligible Collateral Guidelines* section of this Guide.

The collateral coverage level establishes the greatest amount of credit FHLBank will extend to an institution, subject to any other regulatory or policy limitations. FHLBank maintains two types of Advance, Pledge and Security Agreements – a Blanket Pledge and a Specific Pledge.

BLANKET PLEDGE

Every member must enter into a blanket pledge agreement, unless other arrangements are authorized by FHLBank due to legal conflict or impediment. Other arrangements are typically authorized for insurance companies and housing associates. Under this agreement, each member must report quarterly on the composition of its pool of eligible loan assets using a *Qualifying Collateral Determination (QCD) form*. FHLBank uses the QCD form in determining the maximum amount of credit available to the member. Approval for changes in the pool of loan assets pledged is not necessary, and all documents, files, certificates, etc., remain in the member's possession. Members may expand their collateral coverage by delivering and pledging securities to FHLBank or by delivering securities to an FHLBank-approved third-party custodian acting on behalf of FHLBank.

In addition, FHLBank will automatically file financing statements (UCC-1) on each member utilizing a blanket pledge agreement.

Members (excluding Community Development Financial Institutions (CDFIs)) that have executed a Blanket Pledge and are required to deliver and pledge collateral to FHLBank may use the Collateral Loan Listing - Limited Reporting template or the Collateral Loan Listing - Expanded Reporting template.

CDFIs that enter into a Blanket Pledge agreement will be required to deliver and pledge collateral to FHLBank using the Collateral Loan Listing – Expanded template. In addition, CDFIs will be required to pledge eligible collateral to fully secured any estimated prepayment fees on advances issued on or after April 1, 2008, that have maturities

- Each member or housing associate of FHLBank is required to pledge sufficient eligible collateral to secure all extensions of credit, including advances, letters of credit, draws on standby credit facilities, MPF Program Credit Enhancement obligations and derivative transactions.

If you have any questions about FHLBank's Collateral requirements contact the *Financial Services department*.

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or call dates in excess of three months, and the termination fee on any outstanding FSA commitments. We recognize that members may need to establish contingent liquidity sources based on limited credit capacity with FHLBank. A subordination agreement will need to be executed and may subject the member to additional collateral reporting requirements or restrictions on the maximum credit available.

SPECIFIC PLEDGE

Members, housing associates and CDFIs may be authorized by FHLBank to enter into a Specific Pledge agreement. Under the Specific Pledge, the member, housing associate or CDFI is not required to give FHLBank a blanket floating lien, but must deliver qualifying collateral to FHLBank in an amount that provides a collateral coverage level sufficient to cover its extensions of credit with FHLBank.

In addition, members, housing associates and CDFIs that enter into a Specific Pledge Agreement will be required to pledge eligible collateral to fully secure any estimated prepayment fees on advances issued on or after April 1, 2008, that have maturities or call dates in excess of three months, and the termination fee on any outstanding FSA commitments.

Financing statements (UCC-1) will be filed on each member that executes a Specific Pledge Agreement. The UCC-1 filing will be of a specific nature, referencing the assets pledged and delivered to FHLBank by the member or housing associate.

Members or housing associates executing a Specific Pledge agreement or CDFIs executing a Blanket Pledge agreement are required to submit loan collateral using the Collateral Loan Listing – Expanded template and are limited to the eligible collateral assets identified under the Delivered (Expanded) Lending Value as identified on the Schedule of Eligible Collateral.

COLLATERALIZING WITH SECURITIES

Members or housing associates collateralizing their FHLBank credit obligations with securities must deliver and pledge the securities to FHLBank or deliver securities to an FHLBank-approved third-party custodian acting on behalf of FHLBank.

ANTI-PREDATORY LENDING

FHLBank supports the expansion of fair and equitable home ownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, and to protect FHLBank from potential liabilities, FHLBank adopts the Anti-Predatory Lending (APL) Policy with respect to residential mortgage loans and securities backed by residential mortgage loans pledged to it as collateral and residential mortgage loans purchased by it under the MPF Program.

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The complete APL Policy can be found in the *Anti-Predatory Lending* section of this Guide.

PLEDGING AND RELEASING INSTRUCTIONS

When a member or housing associate wants to add to its collateral capacity using securities delivered to FHLBank, the member or housing associate must first pledge the securities to FHLBank. To pledge and/or release security collateral, a member or housing associate must execute and email the *Collateral Activity Report* for securities held by FHLBank, or an Exhibit C of the Third-party Custodial Agreement, for securities held by an approved third-party custodian to FHLBank's Financial Services department. This report will serve as written notification of a member's or housing associate's intent to pledge and/or release securities that will be, or are being, used to secure outstanding credit obligations with FHLBank.

To ensure that a pledge and/or a release request will be processed the same day, FHLBank must receive the *Collateral Activity Report* before 3 p.m. CT. Requests that would result in the member or housing associate not being sufficiently collateralized will be denied until additional collateral is delivered to FHLBank.

ADDITIONAL SECURITY MEASURES

From time to time, FHLBank may have additional credit concerns for reasons including, but not limited to, deterioration in a member's financial performance. In such cases, FHLBank may, in its discretion, require additional steps or measures to protect its credit exposure and security interest, including taking possession of collateral being used to support a member or housing associate's outstanding credit obligations. Factors considered include:

- capital levels;
- operating ratios and trends;
- asset quality;
- asset/liability management;
- internal operations and controls;
- management policies;
- outstanding supervisory actions or agreements;
- other borrowing arrangements that the institution has outstanding; and
- type of credit agreements being used with FHLBank.

Examples of additional security measures include:

- Restricting the term of new advances;
- Restricting the type of advances available;
- Higher required collateral amounts;
- Increased reporting requirements;
- Filing of financing statements;
- Delivery of original documents to FHLBank;
- Assignment of assets to FHLBank; and
- The use of a lockbox for receipt of payment on collateral.

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DELIVERY OF COLLATERAL

The delivery of collateral may be required based on the factors noted above, but is mandatory under the following conditions:

BLANKET PLEDGE MEMBERS

- Composite CAMELS rating of 5; or
- Composite CAMELS rating of 4 combined with a component rating of 5 for asset quality or management; or
- Undercapitalized, as defined below:
  - Banks and Thrifts: Total Risk-based Capital ratio less than 8% or Tier 1 (Core) Leverage Capital ratio less than 4%.
  - Credit unions: Net Worth ratio less than 6.5%; or
- Non-performing Assets:
  - Banks and Thrifts: Non-Performing Assets (excluding government guaranteed loans) to Equity plus Loan Loss Reserves greater than 100%; or
  - Credit Unions: Non-Performing Assets to Total Capital plus Loan Loss Reserves greater than 75%.

OVERCOLLATERALIZATION FOR SPECIFIC PLEDGE MEMBERS

Specific pledge members (only applicable to insurance company members domiciled in a state in which the law does not exempt FHLBank (insurance companies domiciled in Colorado, Kansas, Nebraska and Oklahoma are exempt) from any applicable injunctions and stays, repudiation of agreements, fraudulent transfer provisions and preference provisions relating to any FHLBank security agreement or any similar arrangement or agreement relating to the security agreement will be required to deliver and pledge additional collateral if any of the following are met to accomodate the risks associated with a potential longer liquidation period:

- Capitalization:
  - Life and Health Insurance Companies: Adjusted Company Action Level Risk-Based Capital Ratio equal to 150% or less, which is equivalent to an Adjusted Authorized Control Level Risk-Based Capital Ratio of 300% or less;
  - Property & Casualty Insurance Companies: Adjusted Company Action Level Risk-Based Capital Ratio equal to 200% or less, which is equivalent to an Adjusted Authorized Control Level Risk-Based Capital of 400% or less; or

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- Captive Insurance Companies: Capital and Surplus to Total Admitted Assets (excluding Separate Accounts) Ratio of 10% or less.

— Entity is not rated by A.M. Best, Standard and Poor's, Moody's or Fitch; or

— Entity is rated by a rating agency identified above, but is rated below investment grade.

VERIFICATION OF COLLATERAL

All members using FHLBank's credit products and other programs will be subject to a periodic collateral verification. This verification will be completed by FHLBank staff or one of its agents. The verification indicates that the member is maintaining and reporting adequate qualifying collateral balances with respect to all extensions of credit with FHLBank. The frequency of this verification will be based on FHLBank's evaluation of various risk factors including, but not limited to:

— The dollar amount of the member's outstanding credit obligations;
— The member's ratio of credit obligations to total assets;
— Potential concerns regarding the member's financial condition;
— Other borrowing arrangements that the member has outstanding; and
— The member's prior collateral verification results.

The verification of collateral will be waived for any member that has delivered to FHLBank or to an FHLBank-approved third-party custodian qualifying collateral with a collateral coverage level adequate to cover all extensions of credit with FHLBank.

At FHLBank's discretion, and in addition to the verification process described previously, a member or housing associate may be visited at any time by FHLBank staff for review of documents representing or evidencing pledged assets. A member or housing associate must make all documents representing or evidencing pledged assets available for inspection by FHLBank staff. FHLBank may, in its discretion, reduce a member or housing associate's collateral lending value as a result of excessive exceptions detected in a collateral verification. Reductions in collateral lending value are a temporary measure designed to protect FHLBank until exceptions are brought to a reasonable level.

FHLBank may require delivery of eligible collateral to secure total FHLBank indebtedness from those members with excessive collateral verification exceptions.

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SPECIFIC LIMITATIONS

Specific limitations on advances apply to members that are not in compliance with their minimum capital requirements.

NEW ADVANCES TO MEMBERS WITHOUT POSITIVE TANGIBLE CAPITAL

FHLBank will not make a new advance for a member without positive tangible capital unless the member's federal banking regulatory agency or insurer requests in writing that FHLBank make such an advance and FHLBank determines that it can safely do so.

RENEWALS OF ADVANCES TO MEMBERS WITHOUT POSITIVE TANGIBLE CAPITAL

FHLBank may renew outstanding advances for successive terms of up to 30 days each to a member without positive tangible capital, provided that FHLBank first honors any written request from the federal banking regulatory agency or insurer that FHLBank not renew such advances. FHLBank may renew outstanding advances to a member without positive tangible capital for terms greater than 30 days at the written request of the federal banking regulatory agency or insurer.

ADVANCES TO CAPITAL DEFICIENT BUT SOLVENT MEMBERS

FHLBank, in its discretion, may make a new advance or renew an outstanding advance for a capital deficient member that has positive capital provided FHLBank has not received written notice from the federal banking regulatory agency or insurer that the member's use of FHLBank credit has been prohibited.

TEMPORARY WAIVERS

In an emergency, FHLBank senior management may waive FHLBank's normal borrowing standards and limitations in extending credit to an institution provided that the term of any extension of credit granted pursuant to the waiver is 60 days or less and that such credit is not renewed. A waiver can be granted only if:

1. The circumstances warranting a need for an extension of credit were not reasonably foreseeable or avoidable;

2. No alternative sources of funding were reasonably available to the institution;

3. The extension of credit will not expose FHLBank to significantly greater risk than extensions of credit made under normal borrowing standards and limitations; and

4. The extension of credit does not violate the Federal Home Loan Bank Act or the regulations of the Federal Housing Finance Agency, as successor to the Federal Housing Finance Board.

THIRD-PARTY CUSTODIANS

Members that have executed a blanket pledge may pledge securities that are safekept with an FHLBank-approved third-party custodian, which is defined as an eligible financial institution that is:

— FDIC-insured;
— well capitalized as defined by its regulatory agency (at all levels);
— unaffiliated to the institution requesting safekeeping services; and
— annually audited by a certified public accountant who conducts the audit in accordance with generally accepted auditing standards.

FHLBank must pre-approve all third-party custodians. If approved, FHLBank will provide the member with a Third-party Custodial Agreement. All parties (member, custodian and FHLBank) must execute this agreement. Upon execution, FHLBank staff will schedule a conference call with the member and the custodian to discuss procedures for pledging and releasing securities.

COLLATERAL FEES

The costs for collateral services are reviewed periodically. Please refer to the *Fees* section of this Guide.

Schedule of Eligible Collateral

If you have any questions about the eligibility of a particular asset, please contact the *Financial Services* department.

The following Schedule of Eligible Collateral provides a list of acceptable, eligible assets as well as the underwriting requirements and lending values associated with those assets. Lending values are expressed as a percentage of market value unless otherwise specified. FHLBank reserves the right to reject certain collateral or adjust the collateral requirements based on its ability to price or determine the marketability of such collateral.

DEFINITIONS

BLANKET (QCD) LENDING VALUE

Lending value applicable for institutions reporting loan collateral via the Qualifying Collateral Determination (QCD) form.

CARRYOVER DEBT

Debt in which repayment has been extended beyond the loan's original term because of the debtor's inability to generate sufficient cash flows to service the obligation as it is currently structured. Examples of carryover debt would include (1) production or feeder livestock loans that are unable to be paid at their initial, short-term maturity, and are rescheduled into an intermediate or long-term amortization; or (2) already-existing term debt whose repayment terms or maturities need to be rescheduled because of inadequate cash flows to meet existing repayment requirements.

CASE-BY-CASE

The phrase "case-by-case" means that FHLBank's senior management, at their discretion, will determine the acceptability and lending value of such collateral.

COMMUNITY FINANCIAL INSTITUTION (CFI)

An institution that has its deposits insured by the FDIC and whose average total assets over the last three years (as of Dec. 31) are less than $1.123 billion. The asset cap shall be adjusted annually by the Federal Housing Finance Agency to reflect any percentage increase in the preceding year's Consumer Price Index for all urban consumers, as published by the U.S. Department of Labor.

DELIVERED (EXPANDED) LENDING VALUE

Lending value applicable for collateral that has been delivered to FHLBank or an FHLBank-approved third-party custodian utilizing the FHLBank's Collateral Loan Listing - Expanded Reporting template (Specific Pledge Members, CDFIs and Housing Associates are required to use the Collateral Loan Listing – Expanded Reporting template). The lending values are expressed as a percentage of market value unless otherwise specified, subject to the maximum lending values indicated for specific types of loans. Market values for loans are determined by taking the lower of: (1) current unpaid principal balance, or (2) the loan value

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as determined by FHLBank's third-party pricing vendor, as valued at the last quarterly update.

DELIVERED (LIMITED) LENDING VALUE

Lending value applicable for collateral that has been delivered to FHLBank or an FHLBank-approved third-party custodian utilizing the FHLBank's Collateral Loan Listing - Limited Reporting template (only applicable to members that have executed an Advance, Pledge and Security Agreement – Blanket Pledge (excluding CDFIs)). The lending values are expressed as a percentage of market value unless otherwise specified, subject to the maximum lending values indicated for specific types of loans. Market values for loans are determined by taking the lower of: (1) current unpaid principal balance, (2) a present value calculation of the future cash flows discounted at the current market rate as determined by the FHLBank for the loan type and remaining term, or (3) the loan value as determined by FHLBank's third party pricing vendor, if valued at the last quarterly update. If FHLBank cannot calculate a present value of the future cash flows for any reason, lending values may be lowered to accommodate the additional risk.

FHLBANK

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FULLY DISBURSED

A loan in which the full face amount of the loan has been advanced to the borrower or on the borrower's behalf.

FULLY SECURED

A loan in which the fair market value of the asset or assets pledged as security for the loan exceeds the outstanding principal balance of the loan.

LEASE LOANS

A financing transaction in the form of a lease (i.e., a lease structured such that the lessee effectively has purchased the asset and the lessor/institution is effectively providing financing secured by the purchased asset).

MEMBER

A financial institution that has been approved for membership and owns the required amount of stock in FHLBank.

NON-LEAD LENDER PARTICIPATION LOAN

A loan in which the institution is not the sole owner. The institution has purchased a participation interest of less than 100% of the loan from another institution (lead lender).

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PRIVATE TRANSFER FEE

A charge or payment, imposed by a covenant, restriction, or other similar document and required to be paid in connection with or as a result of a transfer of title to real estate, and payable on a continuing basis each time a property is transferred for a period of time or indefinitely. A private transfer fee does not include fees, charges, payments, or other obligations: (1) imposed by or payable to the Federal government or a State or local government; or (2) that defray actual costs of the transfer of the property, including transfer of membership in the relevant covered association. For purposes of this definition, a Private Transfer Fee also excludes covenants that require payment of a private transfer fee to a covered association and limits the use of such transfer fees exclusively to purposes which provide a direct benefit to the real property encumbered by the private transfer fee covenants.

QUALIFYING LEASEHOLD

A leasehold on one-to-four family property or multifamily property under a lease of not less than 99 years that is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage was executed.

SPECIAL PURPOSE PROPERTY

A limited market property with a unique physical design, special construction materials, or a special-purpose layout that restricts its utility to the use for which it was built. Such property has relatively few potential buyers at a particular time, and the property cannot be converted to another use without a large capital investment.

SUB-PRIME LOANS

Extensions of credit to borrowers who, at the time of the loan's origination, exhibit characteristics indicating a significantly higher risk of default than traditional bank lending customers. Sub-prime borrowers typically have weakened credit histories that may include payment delinquencies, charge-offs, judgments and bankruptcies. These borrowers may also display reduced repayment capacity as measured by low credit scores (i.e., FICO score below 660) and high debt-to-income ratios (i.e., debt ratio of greater than 50%). In addition, sub-prime borrowers normally have few, if any, borrowing alternatives. Because of the inherent higher credit risk, sub-prime loans command higher interest rates and loan fees than traditional loans.

WHOLLY OWNED

A loan of which the institution is the sole owner. For Blanket Pledge members, this also includes: (1) the retained portion of a loan where the institution originated the loan and services the loan as lead lender but has sold a participating interest in the loan to a third party; or (2) a loan where the

Continued on next page

institution purchased 100% of the loan and the member has received written approval from the lead lender to assign and pledge the asset to FHLBank. (Note: Non-lead lender participations of less than 100% are not considered wholly owned.)

ADDITIONAL CLARIFICATIONS

Property held by wholly owned subsidiaries may be accepted to the extent allowed by regulation after providing documentation acceptable to FHLBank in its discretion.

A **cross collateralized** loan's eligibility and lending value will be determined based upon the assets used in collateralizing the loan. If the loan is **fully** secured (supported) by multiple types of assets that would make the loan eligible as collateral under this policy, the loan would be eligible. If any portion of the loan is secured by collateral that would **not** make the loan eligible as collateral under this policy, the loan would not be eligible. However, a loan would be eligible as collateral as long as the institution can demonstrate that the loan is fully secured **without** considering the collateral that would otherwise make the loan ineligible as collateral. Collateral values for the entire loan will be determined based upon the lending value applied to the lowest asset required to fully secure the loan. Institutions should apply the eligible loan assets with the higher lending values first and continue in descending order until the loan is fully secured.

Loans which have been paid off, sold or matured should not be included in eligible collateral. Members and housing associates should notify the FHLBank immediately when any delivered loan is paid off, is sold or matures.

All eligible collateral must have a readily ascertainable value, be reliably discounted to account for liquidation and other risks, and be able to be liquidated in due course.

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
CONVENTIONAL MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
A. Amortizing mortgages	81% (unpaid principal)	81% (market value*)	81% (market value*)
B. Interest-only mortgages	75% (unpaid principal)	75% (market value*)	75% (market value*)

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by one-to-four family dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;
2. Fully secured:
   a. Loan-to-value ratio:
      i) Blanket Pledge Members' (excluding CDFIs) loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
      ii) Specific Pledge Members', CDFIs' and Housing Associates' loan-to-value ratios cannot exceed 80% and, if applicable, the combined loan-to-value ratios cannot exceed 90% (appraisals must be prepared by a licensed or certified appraiser, licensed or certified in the state which the subject property is located and the appraisal must comply with the Uniform Standards of Professional Appraiser Practices (USPAP));
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;
3. First lien position (as evidenced by title insurance policy or title opinion);
4. Fully disbursed (closed-end loans only; no revolving lines of credit);
5. Wholly owned;
6. No held-for-sale mortgage loans;
7. Term to maturity cannot exceed 360 months;
8. No reverse mortgage loans;
9. No residential land development loans (including vacant land);
10. No construction or rehabilitation loans;
11. No sub-prime loans;
12. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;

(continued on next page)

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
CONVENTIONAL MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
A. Amortizing mortgages	81% (unpaid principal)	81% (market value*)	81% (market value*)
B. Interest-only mortgages	75% (unpaid principal)	75% (market value*)	75% (market value*)

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements *(continued from previous page)*

13. No loans secured by property subject to private transfer fee covenants that were created on or after February 8, 2011;
14. No lease loans;
15. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
16. Delinquency:
    a. Blanket Pledge Members' (excluding CDFIs) loans cannot be more than 90 days delinquent;
    b. Specific Pledge Members', CDFIs' and Housing Associates' loans cannot be more than 60 days delinquent in the past 12 months; and
    c. Delinquency reports may be required to be submitted to FHLBank;
17. No loans that violate FHLBank's Anti-Predatory Lending Policy;
18. Loans originated or acquired after July 10, 2007, must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;
19. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
20. Amortization:
    a. No negative amortization;
    b. If note structure allows for interest-only payments, FICO scores must be equal to or exceed 680;
21. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
22. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
23. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
FHA-INSURED MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
A. Not more than 90 days delinquent	94% (unpaid principal)	94% (market value*)	94% (market value*)
B. More than 90 days delinquent	90% (guaranteed portion)	90% (guaranteed portion*)	90% (guaranteed portion*)
VA-GUARANTEED MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
A. Not more than 90 days delinquent	91% (unpaid principal)	91% (market value*)	91% (market value*)
B. More than 90 days delinquent	87% (guaranteed portion)	87% (guaranteed portion*)	87% (guaranteed portion*)

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must comply with the Agency's underwriting guidelines;
2. Wholly owned;
3. No held-for-sale mortgage loans;
4. No reverse mortgage loans;
5. No residential land development loans (including vacant land);
6. No construction or rehabilitation loans;
7. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
8. No lease loans;
9. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
10. No loans that violate FHLBank's Anti-Predatory Lending Policy;
11. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
12. No negative amortization;
13. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
14. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
15. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
HELD-FOR-SALE MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY (HFS SF)			
A. HFS SF mortgages eligible to be sold to FNMA, FHLMC or GNMA	93% (unpaid principal)	93% (unpaid principal)	93% (unpaid principal)

Underwriting Requirements

1. Maximum aggregate lending value applicable for institutions reporting HFS SF loans via the Qualifying Collateral Determination (QCD) form is limited to 15 percent of institution's total assets. Institutions wanting to exceed this amount will be required to submit loan data detail on a daily basis;
2. Wholly owned;
3. No reverse mortgage loans;
4. No residential land development loans (including vacant land);
5. No construction or rehabilitation loans;
6. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
7. No lease loans;
8. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
9. Pipeline Limitations:
   a. Blanket Pledge Members' (excluding CDFIs) loans cannot exceed 90 days from origination date of the mortgage;
   b. Specific Pledge Members' and CDFIs' loans cannot exceed 45 days from origination date of the mortgage;
10. Delinquency:
   a. Loans cannot be more than 30 days delinquent;
   b. Delinquency reports may be required to be submitted to FHLBank;
11. No loans that violate FHLBank's Anti-Predatory Lending Policy;
12. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
13. No negative amortization or interest only loans;
14. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;

(continued on next page)

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
HELD-FOR-SALE MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY (HFS SF) A. HFS SF mortgages eligible to be sold to FNMA, FHLMC or GNMA	93% (unpaid principal)	93% (unpaid principal)	93% (unpaid principal)

Underwriting Requirements

15. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and

16. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

In addition to the general HFS SF underwriting requirements identified above, the loans must also comply with the following:

1. Loans must comply with FNMA, FHLMC or GNMA's underwriting guidelines;

2. Loans eligible to be sold to FNMA or FHLMC must be underwritten utilizing Desktop Underwriter® (DU) or Loan Prospector® (LP) and the documentation must be maintained that reflects a DU Approve/Eligible or an LP Accept/Eligible; and

3. Loans eligible to be sold to GNMA must be underwritten utilizing Technology Open To Approved Lenders (TOTAL) Mortgage Scorecard and documentation must be maintained that reflects a TOTAL Scorecard Accept or Refer (any Refer must also include the Direct Endorsement underwriter's approval).

Collateral Type : **I. Loans**

1. ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
HELD-FOR-SALE MORTGAGES ON ONE-TO-FOUR FAMILY RESIDENTIAL REAL PROPERTY (HFS SF) B. HFS SF mortgages NOT eligible to be sold to FNMA, FHLMC or GNMA	81% (unpaid principal)	81% (unpaid principal*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

In addition to the general HFS SF underwriting requirements identified on pages 85-86, the loans must also comply with the following:

1. Loans must be secured by real estate:
   a. Loans must be secured by one-to-four family dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original documents must be retained;
2. Fully secured:
   a. The mortgage amount must equal or exceed the outstanding principal amount on the note; and
   b. The mortgage and/or deed of trust and all subsequent assignments must show evidence of submission to recorder's office for proper recording;
3. First lien position (as evidenced by title commitment, title insurance policy or title opinion);
4. Fully disbursed (closed-end loans only, no revolving lines of credit);
5. Term to maturity cannot exceed 360 months;
6. No sub-prime loans;
7. No loans secured by property subject to private transfer fee covenants that were created on or after February 8, 2011;
8. Loans originated or acquired after July 10, 2007 must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending; and
9. Loan-to-value ratios cannot exceed 100 percent (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines).

Collateral Type : **I. Loans** *Continued*

2. MORTGAGES ON MULTIFAMILY RESIDENTIAL REAL PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	77% (unpaid principal)	77% (market value*)	77% (market value*)

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by multifamily dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;

2. Fully secured:
   a. Loan-to-value ratio:
      i) Blanket Pledge Members' (excluding CDFIs) loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
      ii) Specific Pledge Members', CDFIs' and Housing Associates' loan-to-value ratios cannot exceed 70% and, if applicable, the combined loan-to-value ratios cannot exceed 80% (appraiser must have Member of the Appraisal Institute Professional (MAI) professional designation);
   b. Debt Service Coverage Ratio (DSCR):
      i) Blanket Pledge Members' (excluding CDFIs) DSCR must equal or exceed 1.00;
      ii) Specific Pledge Members', CDFIs' and Housing Associates' DSCR must equal or exceed 1.25. Lower DSCRs may be accepted if loan is fully amortizing over a shorter time period (less than 20 years);
   c. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   d. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office.

3. First lien position (as evidenced by title insurance policy or title opinion);

4. Fully disbursed (closed-end loans only; no revolving lines of credit);

5. Wholly owned;

6. Term to maturity cannot exceed 360 months;

7. No residential land development loans (including vacant land);

8. No construction or rehabilitation loans;

9. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;

(continued on next page)

Collateral Type : **I. Loans** *Continued*

2. MORTGAGES ON MULTIFAMILY RESIDENTIAL REAL PROPERTY

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	77% (unpaid principal)	77% (market value*)	77% (market value*)

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements *(continued from previous page)*

10. No loans secured by property subject to private transfer fee covenants that were created on or after February 8, 2011;
11. No lease loans;
12. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
13. Delinquency:
    a. Blanket Pledge Members' (excluding CDFIs) loans cannot be more than 60 days delinquent;
    b. Specific Pledge Members', CDFIs' and Housing Associates' loans cannot be more than 60 days delinquent in the past 12 months; and
    c. Delinquency reports may be required to be submitted to FHLBank.
14. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
15. No negative amortization or interest-only loans;
16. Specific Pledge Members', CDFIs' and Housing Associates' Annual Credit Review on loans pledged must be submitted to FHLBank upon completion;
17. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
18. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
19. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

3. GUARANTEED PORTION OF OTHER LOANS BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	92% (guaranteed portion)	92% (guaranteed portion*)	92% (guaranteed portion*)

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

The guarantee must be for the direct benefit of the holder of the loan. Loan programs currently accepted include:

1. Farm Service Agency (FSA) loans – Assignment of guarantees (Form FSA-2242) must be completed and delivered to FHLBank, along with a copy of the note and loan guarantee.
2. Small Business Administration (SBA) Certificates - SBA Certificates must be delivered to FHLBank.

Collateral Type : **II. Securities**

- No interest or principal only securities.
- Prices must be readily available through the FHLBank's pricing vendors.
- Prospectus may be required to determine security eligibility.
- Security ratings must be obtained from at least one of the following Nationally Recognized Statistical Rating Organizations (NRSROs): Standard & Poor's Financial Services LLC, Moody's Investors Service, Inc., or Fitch Ratings Inc.; and the lowest rating identified will be applied.

1. AGENCY RESIDENTIAL MORTAGE PASS-THROUGH SECURITIES			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	97% (market value)	97% (market value)

Underwriting Requirements

1. GNMA, FNMA or FHLMC only; and
2. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy.

2. AGENCY CMOs			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	97% (market value)	97% (market value)

Underwriting Requirements

1. GNMA, FNMA or FHLMC only;
2. Securities' underlying cash flows must be derived from mortgages on one-to-four family residential real property. This includes REMICs but excludes inverse floaters, residual, support, subordinated, junior, mezzanine, structured, complex and Z tranches; and
3. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy.

Collateral Type : **II. Securities**

3. AGENCY-STRUCTURED BONDS (STEP-UP, INVERSE FLOATER, MULTIPLE INDEX, DUAL INDEX, LEVERAGED INDEX, INDEX AMORTIZING PRINCIPAL, ETC.)

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	95% (market value)	95% (market value)

4. OTHER AGENCY CMOs

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	91 to 95% (market value*)	91 to 95% (market value*)

* Lending value dependent upon underlying collateral and security structure.

5. FIXED RATE U.S. T-BILLS, NOTES AND BONDS

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Final maturity one year or less	N/A	99% (market value)	99% (market value)
B. Final maturity greater than one year but not greater than five years	N/A	98% (market value)	98% (market value)
C. Final maturity greater than five years	N/A	95% (market value)	95% (market value)

Underwriting Requirements

1. Securities' underlying cash flows must be derived from mortgages on one-to-four family or multifamily residential real property or collateral identified under Category IV (including inverse floaters, support, subordinated, junior, mezzanine, structured, complex and Z tranches); and
2. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy.

Collateral Type : **II. Securities** *Continued*

6. FLOATING RATE U.S. NOTES AND BONDS

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Reprices annually or more often	N/A	99% (market value)	99% (market value)
B. Reprices less often than annually	N/A	99% (market value)	99% (market value)

7. FIXED RATE AGENCY DISCOUNT NOTES, MEDIUM-TERM NOTES AND NON-STRUCTURED BONDS

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Final maturity one year or less	N/A	98% (market value)	98% (market value)
B. Final maturity greater than one year but not greater than five years	N/A	97% (market value)	97% (market value)
C. Final maturity greater than five years	N/A	95% (market value)	95% (market value)

8. FLOATING RATE AGENCY NOTES AND BONDS

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Reprices annually or more often	N/A	98% (market value)	98% (market value)
B. Reprices less often than annually	N/A	98% (market value)	98% (market value)

Collateral Type : **II. Securities** *Continued*

9. FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR NATIONAL CREDIT UNION ADMINISTRATION (NCUA) GUARANTEED NOTES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	95% (market value)	95% (market value)

Underwriting Requirements

1. Must be backed by the full faith and credit of the United States Government.

10. PRIVATE ISSUE CMOs	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Securities rated AAA			
Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A	N/A	93% (market value)	93% (market value)
Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A	N/A	89% (market value)	89% (market value)
B. Securities rated AA			
Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A	N/A	91% (market value)	91% (market value)
Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A	N/A	84% (market value)	84% (market value)

Underwriting Requirements

1. Securities' underlying cash flows must be derived from fully disbursed, whole first mortgages on one-to-four family residential real property. This includes REMICs but excludes residual, support, subordinated, junior, inverse floaters, mezzanine, structured, complex or Z tranches;
2. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
3. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy; and
4. Securities' underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007.

Collateral Type : **II. Securities** *Continued*

11. PRIVATE ISSUE RESIDENTIAL MORTGAGE PASS-THROUGH SECURITIES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Securities rated AAA			
Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A	N/A	93% (market value)	93% (market value)
Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A	N/A	89% (market value)	89% (market value)
B. Securities rated AA			
Cash flows derived from mortgages excluding Subprime, Interest Only, Negative Amortization and Alt-A	N/A	91% (market value)	91% (market value)
Cash flows derived from mortgages including Subprime, Interest Only, Negative Amortization and Alt-A	N/A	84% (market value)	84% (market value)

Underwriting Requirements

1. Securities' underlying cash flows must be derived from fully disbursed, whole first mortgages on one-to-four family residential real property;
2. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
3. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy; and
4. Securities' underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007.

Collateral Type : **II. Securities** *Continued*

12. OTHER PRIVATE ISSUE CMOs	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	Case-by-case	Case-by-case

Underwriting Requirements

1. Securities must be rated AA or better;
2. Securities' underlying cash flows must be derived from mortgages on one-to-four family, multifamily residential real property or collateral identified under Category IV (including support, inverse floaters and mezzanine tranches);
3. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
4. Securities' underlying loan collateral cannot violate FHLBank's Anti-Predatory Lending Policy; and
5. Securities' underlying loan collateral must comply with the Interagency Guidance on Nontraditional Mortgage Products Risk, and Addendum to Credit Risk Management Guidance for Home Equity Lending if issued or acquired after July 10, 2007.

13. COMMERCIAL MORTGAGE BACKED SECURITIES 100% DEFEASED	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	93% (market value)	93% (market value)

Underwriting Requirements

1. Securities must be rated at least equivalent to the U.S. Government;
2. Securities' underlying cash flows have been defeased by U.S. Treasury or Agency securities; and
3. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011.

Collateral Type : **II. Securities** *Continued*

14. COMMERCIAL MORTGAGE BACKED SECURITIES LESS THAN 100% DEFEASED	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Securities rated AAA	N/A	88% (market value*)	88% (market value*)
B. Securities rated AA	N/A	79% (market value*)	79% (market value*)

* Maximum lending value on a single asset/single borrower CMBS is limited to $50 million.

Underwriting Requirements

1. Securities must be rated AA or better;
2. Securities' underlying cash flows must be derived from mortgages on multifamily residential real property or collateral identified under Category IV. This excludes residual, support, subordinated, junior, inverse floaters, mezzanine, structured, complex or Z tranches; and
3. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011.

15. COMMERCIAL MORTGAGE BACKED SECURITIES LESS THAN 100% DEFEASED	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Securities rated AAA	N/A	83% (market value*)	83% (market value*)
B. Securities rated AA	N/A	79% (market value*)	79% (market value*)

* Maximum lending value on a single asset/single borrower CMBS is limited to $50 million.

Underwriting Requirements

1. Securities must be rated AA or better;
2. Securities' underlying cash flows must be derived from mortgages on multifamily residential real property or collateral identified under Category IV (including support, inverse floaters and mezzanine tranches within a non-subordinated class); and
3. Securities' underlying loan collateral cannot be secured by property subject to private transfer fee covenants that were created on or after February 8, 2011.

Collateral Type : **II. Securities** *Continued*

16. SECURITIES FULLY GUARANTEED BY THE SMALL BUSINESS ADMINISTRATION (SBA)	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
A. Final maturity one year or less	N/A	98% (market value)	98% (market value)
B. Final maturity greater than one year but not greater than five years	N/A	97% (market value)	97% (market value)
C. Final maturity greater than five years	N/A	95% (market value)	95% (market value)

* Maximum lending value on a single asset/single borrower CMBS is limited to $50 million.

Underwriting Requirements

1. No interest- or principal-only securities; and
2. Prices must be readily available through FHLBank's pricing vendors. Prospectus may be required to determine security eligibility.

17. STUDENT LOAN ASSET BACKED SECURITIES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	97% (market value)	97% (market value)

Underwriting Requirements

1. No interest- or principal-only securities;
2. Securities must be rated AAA by at least two independent rating agencies;
3. Securities underlying cashflows must be derived from Federal Family Education Loan Program (FFELP) loans which have at a minimum 97% guarantee under the FFELP;
4. Securities underlying loan collateral must be fully disbursed, no revolving lines;
5. Securities' underlying loan collateral must be serviced by an entity that has a minimum of $8 billion in FFELP loan servicing volume; and
6. Securities' underlying loan collateral servicer must provide a copy of their annual independent public accountant's annual examination as required under Section 3.8 of the FFELP Common Manual.

Collateral Type : **II. Securities** *Continued*

18. STATE AND LOCAL GOVERNMENT SECURITIES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	Case-by-case	Case-by-case

Underwriting Requirements

1. No interest- or principal-only securities;
2. Prices must be readily available through FHLBank's pricing vendors. Prospectus may be required to determine security eligibility;
3. Securities must be rated AA or better.
4. Prospectus must provide a detailed breakdown on the amount of bond proceeds used for real estate related purposes;
5. The amount eligible will be limited to the proportion of bond proceeds used for real estate related purposes; and

19. MUTUAL FUNDS	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	Case-by-case	Case-by-case

Underwriting Requirements

1. No interest- or principal-only securities;
2. Prices must be readily available through FHLBank's pricing vendors. Prospectus may be required to determine security eligibility;
3. Must be backed entirely by eligible loan or securities collateral, cash or cash equivalents.

Collateral Type : **III. Deposits**

FHLBANK OVERNIGHT DEPOSITS AND CDs	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	N/A	100% (face amount)	100% (face amount)

Collateral Type : **IV. Other Real Estate-Related Collateral – Potential for Assets to Be Considered Restricted Collateral**

Restricted collateral includes Categories IV and V collateral for institutions pledging collateral via the Blanket (QCD) Lending Value Reporting template. The aggregate amount of restricted collateral is limited to 25% of an institution's total assets. Category IV and V collateral is NOT considered restricted collateral for institutions pledging collateral via the Delivered (Limited) Lending Value or Delivered (Expanded) Lending Value Reporting templates. Blanket Pledge members must exhaust all other eligible loan collateral before pledging Category IV or V collateral even when delivering loan collateral to FHLBank.

1. AGRICULTURAL REAL ESTATE			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by agricultural property located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;
2. Fully secured:
   a. Loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note;
   c. The mortgage and/or deed of trust and all other subsequent assignments must show evidence of proper recording with the recorder's office.
3. First lien position (as evidenced by title insurance policy or title opinion);
4. Fully disbursed (closed-end loans only; no revolving lines of credit);
5. Wholly owned;
6. Term to maturity cannot exceed 360 months;
7. No land development loans;
8. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
9. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
10. No lease loans
11. No leasehold estates;
12. Within legal lending limit;
13. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
14. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
15. Amortization:
    a. If note structure allows for negative amortization or interest-only payments,

(continued on next page)

1. AGRICULTURAL REAL ESTATE

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements *(continued from previous page)*

annual financial statements are required, and the term is limited to 18 months or less; or

b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;

16. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;

17. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and

18. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

2. COMMERCIAL REAL ESTATE

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	65% (unpaid principal)	65% (market value*)	65% (market value*)

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements

1. Loans must be secured by real estate;
   a. Loans must be secured by commercial property located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained.

2. Fully secured:
   a. Loan-to-value ratio:
      i) Blanket Pledge Members' (excluding CDFIs) loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
      ii) Specific Pledge Members', CDFIs' and Housing Associates' loan-to-value ratios cannot exceed 70% and, if applicable, the combined loan-to-value ratios cannot exceed 80% (appraiser must have MAI designation);
   b. Debt Service Coverage Ratio (DSCR):
      i) Blanket Pledge Members' (excluding CDFIs) DSCR must equal or exceed 1.00;
      ii) Specific Pledge Members', CDFIs' and and Housing Associates' DSCR must equal or exceed 1.25. Lower DSCRs may be accepted if loan is fully amortizing over a shorter time period (less than 20 years);
   c. Specific Pledge Members', CDFIs' and Housing Associates' loans must be secured by properties that have a contractual payment stream (includes only office, retail and industrial, however excludes any Special Purpose Property);
   d. The mortgage amount must equal or exceed outstanding principal amount of the note; and
   e. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;

(continued on next page)

2. COMMERCIAL REAL ESTATE

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	65% (unpaid principal)	65% (market value*)	65% (market value*)

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements *(continued from previous page)*

3. First lien position (as evidenced by title insurance policy or title opinion);
4. Fully disbursed (closed-end loans only; no revolving lines of credit);
5. Wholly owned;
6. Term to maturity cannot exceed 360 months;
7. No commercial land development loans (including vacant land);
8. No construction or rehabilitation loans;
9. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
10. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
11. No loans secured by real estate that exhibit adverse environmental factors (i.e., gas/service stations, auto repair, auto dealerships or industrial sites that process or distribute toxic chemical substances or mixtures), unless supported, at a minimum, by a Phase I Environmental Site Assessment concluding that no further assessment is warranted;
12. No lease loans;
13. No leasehold estates;
14. Within legal lending limit for Blanket Pledge members;
15. Delinquency:
    a. Blanket Pledge Members' (excluding CDFIs) loans cannot be more than 60 days delinquent;
    b. Specific Pledge Members', CDFIs' and Housing Associates' loans cannot be more than 60 days delinquent anytime in the past 12 months;
    c. Delinquency reports may be required to be submitted to FHLBank;
16. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
17. No negative amortization or interest only loans;
18. Specific Pledge Members', CDFIs and Housing Associates' Annual Credit Review on loans pledged must be submitted to FHLBank upon completion;
19. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
20. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
21. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

3. SECOND MORTGAGES ON RESIDENTIAL ONE-TO-FOUR FAMILY PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must be secured by real estate;
   a. Loans must be secured by second mortgages on one-to-four family dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained.
2. Fully secured:
   a. Aggregate loan-to-value ratio of the first and second lien cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office.
3. Fully disbursed (closed-end loans only, no revolving lines of credit);
4. Wholly owned;
5. Term to maturity cannot exceed 360 months;
6. No sub-prime loans;
7. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
8. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
9. No lease loans;
10. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
11. No loans that violate FHLBank's Anti-Predatory Lending Policy;
12. Loans originated or acquired after July 10, 2007 must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;
13. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
14. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
15. No negative amortization loans;

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Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

3. SECOND MORTGAGES ON RESIDENTIAL ONE-TO-FOUR FAMILY PROPERTY	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements *(continued from previous page)*

16. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
17. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
18. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

4. HOME EQUITY LINES OF CREDIT (HELOCs)	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by a first or second mortgage on one-to-four family dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained.
2. Fully secured:
   a. Aggregate loan-to-value ratio of the first and second lien cannot exceed 100% (maximum credit line shall be used in determining loan-to-value on HELOCs and appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed. outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office.
3. Wholly owned;
4. Term to maturity cannot exceed 360 months;
5. No sub-prime loans;

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4. HOME EQUITY LINES OF CREDIT (HELOCs)			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	68% (unpaid principal)	68% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements *(continued from previous page)*

6. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
7. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
8. No lease loans;
9. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
10. No loans that violate FHLBank's Anti-Predatory Lending Policy;
11. Loans originated or acquired after July 10, 2007 must comply with the Inter-agency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;
12. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
13. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
14. No negative amortization loans;
15. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
16. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
17. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

5. RESIDENTIAL CONSTRUCTION MORTGAGES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	66% (unpaid principal)	66% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements

1. Loans must be secured by real estate;
   a. Loans must be secured by construction of one-to-four family dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained.
2. Fully secured:
   a. Loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;
3. First lien position (as evidenced by title insurance commitment/policy or title opinion);
4. Wholly owned;
5. No spec loans (loans must have contract/commitment for sale or rent);
6. No residential land development loans (including vacant land);
7. No sub-prime loans;
8. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
9. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
10. No lease loans;
11. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
12. No loans that violate FHLBank's Anti-Predatory Lending Policy;

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5. RESIDENTIAL CONSTRUCTION MORTGAGES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	66% (unpaid principal)	66% (market value*)	N/A

* Maximum lending value on individual loan is limited to $10 million.

Underwriting Requirements *(continued from previous page)*

13. Loans originated or acquired after July 10, 2007, must comply with the Interagency Guidance on Nontraditional Mortgage Products Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending;

14. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);

15. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);

16. Amortization:
    a. If note structure allows for negative amortization or interest-only payments, annual credit reviews are required and the term is limited to 24 months or less; or
    b. If note structure requires at least an annual principal payment (no negative amortization), annual credit reviews are not required, and there are no term limitations;

17. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;

18. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and

19. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

6. MULTIFAMILY CONSTRUCTION MORTGAGES	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	52% (unpaid principal)	52% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by construction of multifamily dwelling units located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;
2. Fully secured:
   a. Loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;
3. First lien position (as evidenced by title insurance commitment/policy or title opinion);
4. Wholly owned;
5. No residential/commercial land development loans (including vacant land);
6. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
7. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
8. No lease loans;
9. Loans on property subject to a leasehold must be on a Qualifying Leasehold;
10. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
11. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
12. Amortization:
    a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 24 months or less; or
    b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;

(continued on next page)

6. MULTIFAMILY CONSTRUCTION MORTGAGES

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	52% (unpaid principal)	52% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements *(continued from previous page)*

13. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;

14. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and

15. Not pledged in whole or in part to other creditor(s) or in any other FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

7. COMMERCIAL CONSTRUCTION MORTGAGES

	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	52% (unpaid principal)	52% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements

1. Loans must be secured by real estate:
   a. Loans must be secured by construction of commercial property located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;

2. Fully secured:
   a. Loan-to-value ratios cannot exceed 100% (appraisals must be prepared by licensed or certified appraiser for loans with an original amount greater than $250,000 or qualify for exemptions identified in the Interagency Appraisal and Evaluation Guidelines);
   b. The mortgage amount must equal or exceed outstanding principal amount on the note; and
   c. The mortgage and/or deed of trust and all subsequent assignments must show evidence of proper recording with the recorder's office;

3. First lien position (as evidenced by title insurance commitment/policy or title opinion);

(continued on next page)

Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

7. COMMERCIAL CONSTRUCTION MORTGAGES			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	52% (unpaid principal)	52% (market value*)	N/A

* Maximum lending value on individual loan is limited to $50 million.

Underwriting Requirements *(continued from previous page)*

4. Wholly owned;
5. No residential/commercial land development loans (including vacant land);
6. No loans secured by property subject to a first lien granted to a locality pursuant to an energy retrofit program, including programs denominated as Property Assessed Clean Energy (PACE) programs;
7. No loans secured by property subject to private transfer fee covenants that were created on or after Feb. 8, 2011;
8. No loans secured by real estate that exhibit adverse environmental factors (i.e. gas/service stations, auto repair, auto dealerships or industrial sites that process or distribute toxic chemical substances or mixtures), unless supported, at a minimum, by a Phase I Environmental Site Assessment concluding that no further assessment is warranted;
9. No lease loans;
10. No leasehold estates;
11. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
12. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
13. Amortization:
    a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 24 months or less; or
    b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;
14. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
15. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
16. Not pledged in whole or in part to other creditor(s) or in any other FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **IV. Other Real Estate-Related Collateral**

Continued

8. NON-LEAD LENDER PARTICIPATION LOANS			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	Applicable asset classification lending value decreased by an additional 10%	Applicable asset classification lending value decreased by an additional 10%	N/A

Underwriting Requirements

1. Loans must be secured by one-to-four family residential real property, multifamily residential real property, agricultural real estate or commercial real estate;
2. Loans must meet the underwriting requirements established for the asset classification as stated in the Member Products Policy, except for the underwriting requirements requiring the loan to be wholly owned and retention of the original note;
3. The Participation Agreement must have "wet" signatures from all parties and the original document must be retained;
4. Lead lender must be a member of FHLBank Topeka; and
5. Prior to pledging, FHLBank must have on file an FHLBank Participation Security Agreement executed by the member and an FHLBank Participation Acknowledgment of Custody executed by the member and the lead lender.

9. OTHER REAL ESTATE-RELATED PROPERTY			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	Case-by-case	Case-by-case	Case-by-case

Underwriting Requirements

Specific collateral will be reviewed on a case-by-case basis, and prior approval must be granted by FHLBank senior management.

Collateral Type : **V. Other Collateral – Potential for Assets to Be Considered Restricted Collateral**

Restricted collateral includes Categories IV and V collateral for institutions pledging collateral via the Blanket (QCD) Lending Value Reporting template. The aggregate amount of restricted collateral is limited to 25% of an institution's total assets. Category IV and V collateral is NOT considered restricted collateral for institutions pledging collateral via the Delivered (Limited) Lending Value or Delivered (Expanded) Lending Value Reporting templates. Blanket Pledge members must exhaust all other eligible loan collateral before pledging Category IV or V collateral even when delivering loan collateral to FHLBank.

1. OPERATING LOANS (CROPS AND LIVESTOCK) ELIGIBLE ONLY TO CFI MEMBERS			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	58% (unpaid principal)	58% (market value)	N/A

Underwriting Requirements

1. Loans must be fully secured:
   a. Loans must be secured by crops and/or livestock located in the United States; and
   b. The note (including extensions, modification, assumption, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;
2. First lien position (as evidenced by UCC filing and Search);
3. Wholly owned;
4. No lease loans;
5. No carryover debt;
6. Within legal lending limit;
7. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
8. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to: (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
9. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
10. Amortization:
    a. If note structure allows for negative amortization or interest-only payments, annual financial statements are required, and the term is limited to 15 months or less; or
    b. If note structure requires at least an annual principal payment (no negative amortization), annual financial statements are not required, and there are no term limitations;
11. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank; and
12. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type: **V. Other Collateral** *Continued*

2. EQUIPMENT LOANS-ELIGIBLE ONLY TO CFI MEMBERS	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	51% (unpaid principal)	51% (market value)	N/A

Underwriting Requirements

1. Loans must be fully secured:
   a. Loans must be secured by equipment located in the United States; and
   b. The note (including extensions, modifications, assumptions, endorsements, and/or renewals) must have "wet" signatures from all borrowers and the original document must be retained;
2. First lien position (as evidenced by UCC filing or lien on title);
3. Fully disbursed (closed-end loans only; no revolving lines of credit);
4. Wholly owned;
5. No lease loans;
6. No carryover debt;
7. Within legal lending limit;
8. Not more than 60 days delinquent (delinquency reports may be required to be submitted to FHLBank);
9. Not classified as non-accrual, substandard, doubtful or loss by the member or any regulator of the member (Internal Watchlist may be required to be submitted to FHLBank);
10. No negative amortization or interest-only loans;
11. Servicing agreements, if applicable, must be submitted to FHLBank to ensure there are no contractual provisions that would impede FHLBank's ability to (a) receive applicable cash flows from the servicer; or (b) transfer ownership of the underlying loan(s) or servicing rights, if applicable, in the event FHLBank would become party to the agreement due to a member's event of default;
12. Not originated to or assumed by any officer, director, attorney, employee or agent of the member or FHLBank.; and
13. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Collateral Type : **V. Other Collateral** *Continued*

3. STUDENT LOANS			
	BLANKET (QCD) LENDING VALUE	DELIVERED (LIMITED) LENDING VALUE	DELIVERED (EXPANDED) LENDING VALUE
	82% (guaranteed portion)	82% (guaranteed portion)	N/A

Underwriting Requirements

1. Approval must be obtained from FHLBank prior to pledging;
2. Loans must be originated under the Federal Family Education Loan Program (FFELP);
3. Loans must have at least a 97% guarantee under FFELP;
4. Fully disbursed (no revolving lines of credit);
5. Wholly owned;
6. Loans must be serviced by an entity with a minimum of $8 billion in FFELP loan servicing volume;
7. Servicer must provide a copy of their annual independent public accountant's examination as requird under Section 3.8 of the FFELP Common Manual; and
8. Not pledged in whole or in part to other creditor(s) or in another FHLBank collateral category, nor can the loan share collateral with loan(s) pledged to other creditor(s).

Anti-Predatory Lending

FHLBank supports the expansion of fair and equitable homeownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, and to protect FHLBank from potential liabilities, FHLBank has adopted the following Anti-Predatory Lending (APL) Policy with respect to residential mortgage loans and securities backed by residential mortgage loans pledged to it as collateral (Residential Mortgage Collateral) and residential mortgage loans delivered under the Mortgage Partnership Finance Program (MPF Program Loans).

FHLBank requires that Residential Mortgage Collateral and MPF Program Loans comply with applicable federal, state and local Anti-Predatory lending laws and other similar credit-related consumer protection laws, regulations and orders designed to prevent or regulate abusive and deceptive lending practices and loan terms (collectively, "Anti-Predatory Lending Laws"). For example, Anti-Predatory Lending Laws may prohibit or limit certain practices and characteristics, including, but not limited to the following:

— Requiring the borrower to obtain prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance;

— Requiring mandatory arbitration provisions with respect to dispute resolution in the loan documents; or

— Charging prepayment penalties for the payoff of the loan beyond the early years of such loan.

Any Residential Mortgage Collateral or Acquired Member Asset that does not comply with all applicable Anti-Predatory Lending Laws will be ineligible as collateral to support advances or other activity with FHLBank or for purchase under the Mortgage Partnership Finance Program. Additionally, FHLBank will not give collateral value for any Residential Mortgage Collateral or purchase any Acquired Member Asset that meets one or more of the following criteria:

— The annual interest rate and/or points and fees charged for the loan exceed the thresholds of the Home Equity Ownership Protection Act of 1994 (HOEPA) and its implementing regulations (Federal Reserve Board Regulation Z).

— The loan has been identified by a member's primary federal regulator as possessing predatory characteristics.

— The loan includes prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance.

Continued on next page

— The loan is subject to a predatory lending law deemed by one or more of the major credit rating agencies (Standard and Poor's, Moody's Investors Service, and/or Fitch Ratings) to impose unacceptable risks on investors, such that a security (or securities) in which the underlying collateral pool contains such loan will not be rated.

— The loan includes penalties in connection with the prepayment of the mortgage beyond the early years of the loan.

— The loan requires mandatory arbitration to settle disputes.

— In the case of Acquired Member Assets, the loan fails to comply with any requirement of the Mortgage Partnership Finance Program relating to predatory lending, including, without limitation, Section 2.6 of the Origination Guide.

Members (and their affiliates) and housing associates are responsible for avoiding all unlawful practices and terms prohibited by applicable Anti-Predatory Lending Laws, regardless of whether they originate or purchase the Residential Mortgage Collateral being pledged or the MPF Program Loans being sold to FHLBank. FHLBank will take those steps it deems reasonably necessary in order to confirm or monitor members', affiliates' and housing associates' compliance with this policy.

In addition, FHLBank reserves the right to require evidence reasonably satisfactory to FHLBank that Residential Mortgage Collateral and MPF Program Loans do not violate applicable Anti-Predatory Lending Laws and this APL Policy. With respect to Residential Mortgage Collateral and MPF Program Loans purchased by the member, affiliate or housing associate, and then pledged or sold to FHLBank or otherwise delivered under the MPF Program, the member or housing associate is responsible for conducting due diligence that it deems sufficient to support its certification and indemnification agreements with FHLBank.

In addition to the terms and conditions of the FHLBank Advance, Pledge and Security Agreement and, for MPF Program Loans, the Participating Financial Institution Agreement ("PFI Agreement"), each member and housing associate must periodically execute a representation and warranty agreement with FHLBank that: (1) certifies its understanding and compliance with FHLBank's APL Policy and all applicable Anti-Predatory Lending Laws; (2) certifies it will maintain qualifying collateral and will substitute eligible collateral for any Residential Mortgage Collateral, or repurchase any Acquired

Continued on next page

Member Asset, that does not comply in all material respects with applicable Anti-Predatory Lending Laws or this APL Policy; and (3) agrees to indemnify, defend and hold FHLBank harmless from and against all losses, damages, claims, actions, causes of action, liabilities, obligations, judgments, penalties, fines, forfeitures, costs and expenses, including, without limitation, legal fees and expenses, that result from the pledge of any Residential Mortgage Collateral or the sale of any Acquired Member Asset that does not comply in all material respects with applicable Anti-Predatory Lending Laws or this APL Policy.

FHLBank will not knowingly accept as eligible collateral or purchase any Residential Mortgage Collateral or Acquired Member Asset that violates applicable Anti-Predatory Lending Laws or this APL Policy. If FHLBank knows or discovers that such Residential Mortgage Collateral or Acquired Member Asset violates applicable Anti-Predatory Lending Laws or this APL Policy, FHLBank may, in addition to all available rights and remedies at law or in equity (1) require the member or housing associate to substitute eligible collateral, (2) value such Residential Mortgage Collateral at zero for collateral purposes, (3) require the member or housing associate to repurchase the affected loan, and (4) require the member or housing associate to undertake a review of its policies, practices and procedures for complying with Anti-Predatory Lending Laws and this APL Policy.

Fees

FHLBank Topeka charges fees for certain products and services, including letters of credit, standby credit facility, wire transfers, safekeeping, Federal Reserve settlements and other transactions.

CREDIT PRODUCTS

LETTERS OF CREDIT

FHLBank will charge 1/8% per annum or a minimum of $125 for simple and straightforward arrangements on a letter of credit. A fee of 1/4% per annum or a minimum of $500 will be charged for confirming letters of credit where the purpose of the letter qualifies for FHLBank's Community Cash Advance (CICA) programs (ex. enhancing a bond issue for moderate income housing or community development purposes). Fees for other letters of credit (ex. enhancing bond issues that do not qualify for FHLBank's CICA programs) will be determined on a case-by-case basis. The minimum fee for these types of letters of credit will be 3/8% per annum or $500.

All fees will be prorated on an actual/365(6)-day basis for periods less than one year, subject to minimum fees. Institutions requesting a letter of credit in the amount of $5 million or more may elect to have the fee charged quarterly.

FHLBank will charge a $100 processing fee to the applicant for each draw on a letter of credit.

STANDBY CREDIT FACILITY

FHLBank will charge a non-refundable fee of 0.125% per annum of the standby credit facility amount or a minimum of $10,000. The fee will be charged on an actual/365(6)-day basis.

LATE ADVANCE PAYMENTS (PRINCIPAL AND INTEREST)

FHLBank may charge a Late Advance Payment fee of ½% of payments received after 4 p.m. CT.

TRANSFER FEE

With prior approval from FHLBank, a member or housing associate may transfer an advance or letter of credit to another Tenth District institution. The receiving entity is subject to FHLBank's normal credit guidelines, and a $100 transfer fee will be charged to the transferrer.

DERIVATIVE TRANSACTIONS

Fees and/or interest rate spreads will be charged to cover costs and risks associated with derivative transactions including interest rate swaps, caps and floors, and equity options.

Continued on next page

OTHER SERVICES

DEPOSIT SERVICES

Demand Accounts

Debit transactions	$0.15/transaction
Credit transactions	$0.15/transaction
Additional statements	$5.00
Monthly maintenance fee	$20.00/month
Federal Reserve Settlements	$75.00/month

OVERDRAFTS

A minimum fee of $25 will be charged on all overdrawn accounts. Overdrawn accounts must be brought to a positive or $0 balance the same business day by wiring funds, transferring funds available in overnight or another demand deposit account or taking down an advance. The customer will be charged a fee of the greater of $25 or 4% per annum of the amount of the overdraft (in addition to any "negative interest" charged on the overdraft account).

WIRE TRANSFER | COIN AND CURRENCY | ACH | STOCK

Incoming wire transfers	$4.00/wire
Outgoing wire transfers	$6.00/wire
Outgoing foreign wire transfers	$6.00/wire (additional fee)
Pass-through reserves	No charge
Coin and currency	$2.50/call
ACH settlement only	$0.50/transaction
ACH returns	$1.25/item
ACH origination	$10.00/month
Fax for ACH files	$1.75/day

SECURITY SAFEKEEPING TRANSACTION FEES (RECEIPT AND DELIVERY)

Federal Reserve book-entry securities	$2.50
FRB reclaims and DKs	$2.50
DTC securities	$5.50
Physical securities	$40.00
Euro/Cedel securities	$75.00

Payment Disbursal (per CUSIP)

Federal Reserve Payment

Fewer than 100 securities	$4.00
100 to 200 securities	$3.50
More than 200 securities	$3.00

DTC and Physical Payment

Fewer than 100 securities	$6.50
100 to 200 securities	$6.00
More than 200 securities	$5.50

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Portfolio Security Transfer Fee	$1.50

Segregation and Pledge Activity Fees

Joint custody, pledges to third party, repo pledges, segregation and pledge releases	$10.00

(Members and housing associates pledging securities to support outstanding credit obligations with FHLBank will not be charged a pledge activity fee.)

Monthly Account Maintenance Fees (per CUSIP)

(includes claim processing audit verifications and access to account information via the Internet at no additional cost)

Federal Reserve Book-entry Securities

Fewer than 100 securities	$5.00
100 to 200 securities	$4.75
More than 200 securities	$4.50

Other

Fewer than 100 securities	$6.00
100 to 200 securities	$5.75
More than 200 securities	$5.50

In-house	$0.25

Miscellaneous Fees

Registration or deregistration	at cost
Postage and insurance	at cost
Other expenses as incurred	at cost

COLLATERAL

DELIVERED COLLATERAL

Loans safekept at FHLBank, excluding Held-for-Sale mortgages:

Initial loan review fee	$4.00/loan
Monthly maintenance fee	$0.25/loan
Loan release fee	$4.00/loan
Quarterly pricing fee*	$40.00/loan

Held-for-Sale Mortgages:
(Loans on 1-4 family residential real property safekept at FHLBank or an FHLBank approved third-party custodian and priced by FHLBank's third-party pricing vendor)

Daily pricing fee*	$0.90/loan

* Applicable only to loans priced by a third-party vendor (required for reporting collateral under the Delivered (Expanded) Lending Value).

FHLBank may charge a member or housing associate reasonable fees and costs incurred in connection with the review, appraisal and perfec-

Continued on next page

tion of pledged collateral. Travel expenses may be charged to the member or housing associate for inspection of property outside FHLBank's district.

COLLATERAL VERIFICATION

FHLBank will charge a member or housing associate an hourly fee of $125 per reviewer for onsite time, or a minimum fee of $500 for collateral verifications.

COLLATERAL REVIEW

Loans

Members or housing associates requesting FHLBank to accept case-by-case loan collateral will be charged an up-front review fee of $500 per asset request. Collateral that requires loan documentation review will be charged an additional hourly fee of $125. Fees will be charged regardless of FHLBank's decision to accept the case-by-case collateral as eligible collateral.

Securities

Case-by-case securities collateral will be charged a fee of $125 per security. Fees will be charged regardless of FHLBank's decision to accept the case-by-case collateral as eligible collateral.

Waivers

FHLBank senior management may waive fees related to collateral, provided the waiver is similarly applied to all members and housing associates.

CAPITAL STOCK

CAPITAL STOCK FEES

A member may cancel a request to redeem capital stock. However, the member's DDA will be charged a Redemption Request Cancellation fee of 1.0% of the par value of Class A Common Stock plus an increasing percentage of the par value of Class B Common Stock equal to 1.0% if cancelled in the first year of the redemption period, 2.0% if cancelled in the second year, 3.0% if cancelled in the third year, 4.0% if cancelled in the fourth year, and 5.0% if cancelled in the fifth year.

Department Directory

LENDING *FHLB.Lending@fhlbtopeka.com*	800.809.2733 | FAX: 785.234.1723
PRODUCT ADMINISTRATION *FHLB_ProdAdmin@fhlbtopeka.com*	785.438.6049 | FAX: 785.438.6181
MORTGAGE PARTNERSHIP FINANCE® PROGRAM *mpfmail@fhlbtopeka.com*	866.571.8171 | FAX: 785.438.6181
MPF HELPDESK *mpf-help@fhlbc.com*	877.463.6673
HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS	866.571.8155 | FAX: 785.234.1765
DEPOSIT SERVICES/ CAPITAL STOCK	800.809.2733 | FAX: 785.234.1723
WIRE SERVICES	800.934.9473 | FAX: 785.234.1795
FINANCIAL SERVICES *FinancialServices@fhlbtopeka.com*	877.933.7803 | FAX: 785.234.1790 or 785.234.1794
SALES	800.933.2988 | FAX: 785.234.1700
CAPITAL MARKETS	800.933.5427 | FAX: 785.234.1796
FHLBANK'S WEBSITE MEMBERS ONLY *www.fhlbtopeka.com*	800.809.2733

EMERGENCY USE NUMBERS

The numbers below are to be used to contact FHLBank Topeka in emergency/ disaster recovery situations. If our normal business communication lines are interrupted, please use the following back-up numbers:

LENDING
800.460.8153

MORTGAGE PARTNERSHIP FINANCE PROGRAM
mpf-help@fhlbc.com
877.463.6673

DEPOSIT SERVICES/CAPITAL STOCK
800.460.8153

WIRE SERVICES
800.460.8136

FINANCIAL SERVICES
800.460.8147

CAPITAL MARKETS
800.460.8172

FHLBANK'S WEBSITE AND ACCESS TO MEMBERS ONLY
www.fhlbtopeka.com

Prepayment Calculation and Example for Fixed Rate Advances

The prepayment fee is the present value (discounted at the reference rate) of the difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.

CALCULATION OF PREPAYMENT FEE

The prepayment fee will be computed as the present value of an annuity in the following manner:

$$PV = \frac{\left(1 - \frac{1}{(1+R/N_1)^{N_2}}\right)}{R/N_1} \times \text{Payment}$$

PV = Present value or prepayment fee

Payment = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate

R = Reference rate, which is the effective yield of an FHLBank obligation having the closest remaining maturity and coupon to the advance being prepaid. If the reference rate is greater than the rate on the advance, no fee is charged.

N_1 = Number of times interest is paid per year

N_2 = Number of interest payments remaining to maturity

An example follows on the next page.

Continued on next page

Prepayment Example for Fixed Rate Advances

SPECIFIC BORROWING INFORMATION

Dollar amount borrowed:	$1,000,000
Advance rate:	3.25%
Original term:	60 months
Remaining term on prepayment date:	24 months
Effective yield on two-year FHLBank obligation:	2.797%
Prepayment frequency (N1):	12 (advance pay interest monthly)
Difference in rate:	.00453 (.0325 - .02797)
Term (N_2):	24 months
Payment:	$377.75*

$$*\$1{,}000{,}000 \times \frac{(.0325 - .02797)}{12} = \$377.75$$

$$PV = \frac{1 - \dfrac{1}{\left(1 + \dfrac{.02797}{12}\right)^{24}}}{\dfrac{.02797}{12}} \times \$377.75$$

Present Value (fee paid to FHLBank): $8,807.14

Estimation of Prepayment Calculation and Example for Symmetrical Fixed Rate Advances

Prepayment is permitted in full (but not in part unless FHLBank is able to terminate the portion of the underlying swap used to hedge the advance that applies directly to the amount of the advance being prepaid) and equals the present value of the advance spread of 0.XX% (held constant over the remaining life of the advance) plus or minus the cost (plus) or benefit (minus) resulting from the termination of the underlying swap used to hedge the advance. Any net benefit associated with prepayment will be paid by FHLBank and will be limited to 10 percent of the advance principal balance.

CALCULATION OF PREPAYMENT FEE (ESTIMATION ONLY)

The prepayment fee will be computed based on the actual cost or benefit of unwinding the underlying swap as well as the present value of the spread on the advance. The examples below illustrate an estimate of the prepayment fee in both a decreasing and rising rate environment.

$$PV = \frac{\left(1 - \frac{1}{(1+R/N_1)^{N_2}}\right)}{R/N_1} \times \text{Payment}$$

PV = Present value or prepayment fee estimate

Payment = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate

R = Reference rate, is the effective yield of the current swap rate having the closest remaining maturity to the advance that is being prepaid. If the reference rate is greater than the rate on the advance, a potential gain could be realized.

N_1 = Number of times interest is paid per year

N_2 = Number of interest payments remaining to maturity

An example follows on the next two pages.

Continued on next page

Prepayment Example for Symmetrical Fixed Rate Advances

DECREASING RATE ENVIRONMENT

Dollar amount borrowed:	$2,500,000
Advance rate:	2.00%
Original term:	60 months
Remaining term on prepayment date:	24 months
Effective yield on two-year swap rate (R):	0.53%
Prepayment frequency (N1):	12 (advance pay interest monthly)
Difference in rate:	1.47% (2.00%-0.53%)
Term (N_2):	24 months
Payment:	$3,062.50

$$*\$2{,}500{,}000 \times \frac{(.0200 - .0053)}{12} = \$3{,}062.50$$

$$PV = \frac{1 - \dfrac{1}{\left(1 + \dfrac{.0053}{12}\right)^{24}}}{\dfrac{.0053}{12}} \times \$3{,}062.50$$

Present Value (fee paid to FHLBank): $73,095.77

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Prepayment Example for Symmetrical Fixed Rate Advances

RISING RATE ENVIRONMENT

Dollar amount borrowed:	$2,500,000
Advance rate:	2.00%
Original term:	60 months
Remaining term on prepayment date:	24 months
Effective yield on two-year swap rate (R):	2.53%
Prepayment frequency (N1):	12 (advance pay interest monthly)
Difference in rate:	-0.53% (2.00%-2.53%)
Term (N_2):	24 months
Payment:	($1,104.17)

$$*\$2{,}500{,}000 \times \frac{(.0200 - .0253)}{12} = (\$1{,}104.17)$$

$$PV = \frac{1 - \dfrac{1}{\left(1 + \dfrac{.0253}{12}\right)^{24}}}{\dfrac{.0253}{12}} \times (\$1{,}104.17)$$

Present Value (gain paid to borrower): ($25,814.20)

Amount paid to the borrower is limited to 10% of the advance principal balance.

Prepayment Calculation and Example for Amortizing Advances

The prepayment fee is the present value (discounted at the reference rate) of the difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate. The reference rate is the internal rate of return which equates the principal balance of the advance with the future cash flows that would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

CALCULATION OF PREPAYMENT FEE

The prepayment fee will be computed as the present value of an annuity in the following manner:

$$PV = \frac{\left(1 - \frac{1}{(1+R/N_1)^{N_2}}\right)}{R/N_1} \text{ x Payment}$$

PV = Present value or prepayment fee

Payment = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate

R = Reference rate, which is the internal rate of return that equates the principal balance of the advance with the future cash flows that would be due on the advance if each unpaid principal payment bore interest, payable monthly, at the effective yield of an FHLBank obligation having the closest remaining maturity and coupon to such principal payment. If the reference rate is greater than the rate on the advance, no fee is charged.

N_1 = Number of times interest is paid per year

N_2 = Number of interest payments remaining to maturity

An example follows on the next page.

Continued on next page

Prepayment Example for Amortizing Advances

SPECIFIC BORROWING INFORMATION

Dollar amount borrowed: $250,000

Advance rate: 4.231%

Original term: 10 years (issued 1/27/04)

Structure of principal payments: Equal semiannual principal payments in the amount of $12,500

Remaining term on prepayment date: Approximately 5 years (prepayment date 1/12/09)

Remaining unpaid principal balance on prepayment date: $125,000

Internal rate of return on FHLBank obligation: 2.208% (based on the remaining principal payments)

Interest payment frequency (N_1): 12

Maturity date: 1/27/14

Principal Payment Dates	Principal Payment	Term (N1)	Payment*	Present Value
07/01/09	$ 12,500.00	5.58904	$ 21.07	$ 117.07
01/10/10	$ 12,500.00	11.63836	$ 21.07	$ 242.43
07/01/10	$ 12,500.00	17.58904	$ 21.07	$ 364.39
01/01/11	$ 12,500.00	23.63836	$ 21.07	$ 487.01
07/01/11	$ 12,500.00	29.58904	$ 21.07	$ 606.32
01/01/12	$ 12,500.00	35.63836	$ 21.07	$ 726.26
07/01/12	$ 12,500.00	41.62192	$ 21.07	$ 843.60
01/01/13	$ 12,500.00	47.67123	$ 21.07	$ 960.93
07/01/13	$ 12,500.00	53.62192	$ 21.07	$1,075.07
01/27/14	$ 12,500.00	60.52603	$ 21.07	$1,205.95

*$\$12,500 \times \frac{(.04231-.02208)}{12} = \$21.07$

Present Value (fee paid to FHLBank): $6,629.03

Prepayment Calculation for Adjustable Rate Advances

The prepayment fee is the present value (discounted at the reference rate) of the difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate remains constant and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant. The reference rate for LIBOR-based advances is the effective yield of a Federal Home Loan Bank obligation having the closest remaining maturity to the advance being prepaid in which the repricing period corresponds to the rate-reset index on the advance. For all other rate indices, the current marginal cost for issuing liabilities with the applicable index is the reference rate. If the reference rate is greater than the rate on the advance, no fee is charged.

CALCULATION OF PREPAYMENT FEE

The prepayment fee will be computed as the present value of an annuity in the following manner:

$$PV = \frac{\left(1 - \frac{1}{(1+R/N_1)^{N_2}}\right)}{R/N_1} \times \text{Payment}$$

PV = Present value or prepayment fee

Payment = Difference between (a) the scheduled interest payments to be paid on the advance through remaining maturity, assuming the advance rate remains constant, and (b) the interest payments that would be collected on the advance through remaining maturity if it bore interest at the reference rate, assuming the reference rate remains constant.

R = The reference rate for LIBOR-based advances is the effective yield of an FHLBank obligation having the closest remaining maturity to the advance being prepaid in which the repricing period corresponds to the rate-reset index on the advance. For all other rate indices, the current marginal cost for issuing liabilities with the applicable index is the reference rate.

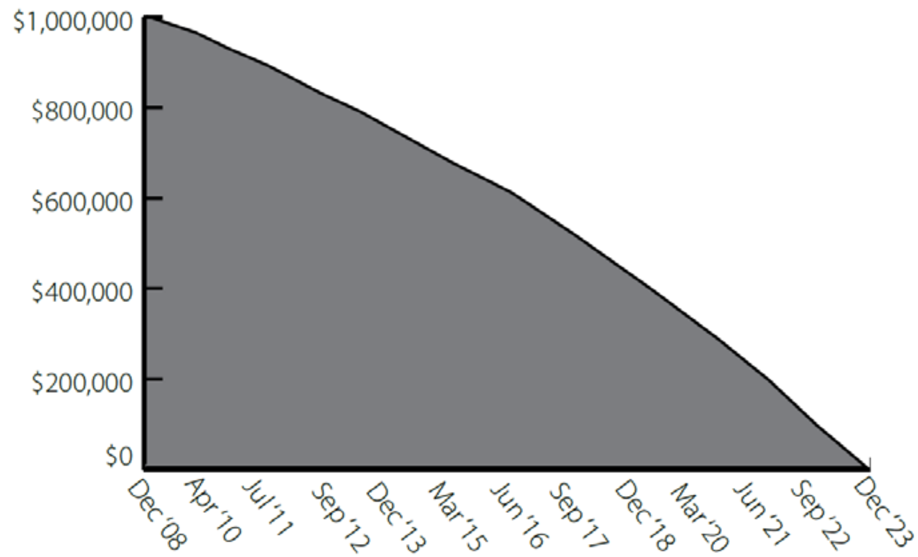
N_1 = Number of times interest is paid per year

N_2 = Number of interest payments remaining to maturity

Amortizing Advance Funding Strategy

- Amortizing advances can be used to offset the interest rate risk of long-term loans made by member institutions. A match funding strategy matches the exact term, dollar amount, and principal payment schedule of the member's loan to their customer, with an amortizing advance. The amortizing advance allows the member to lock in their liability cost and their spread on the transaction. Match funding works well when the member is certain that the loan will not prepay prior to its contractual maturity.

MATCH FUNDING

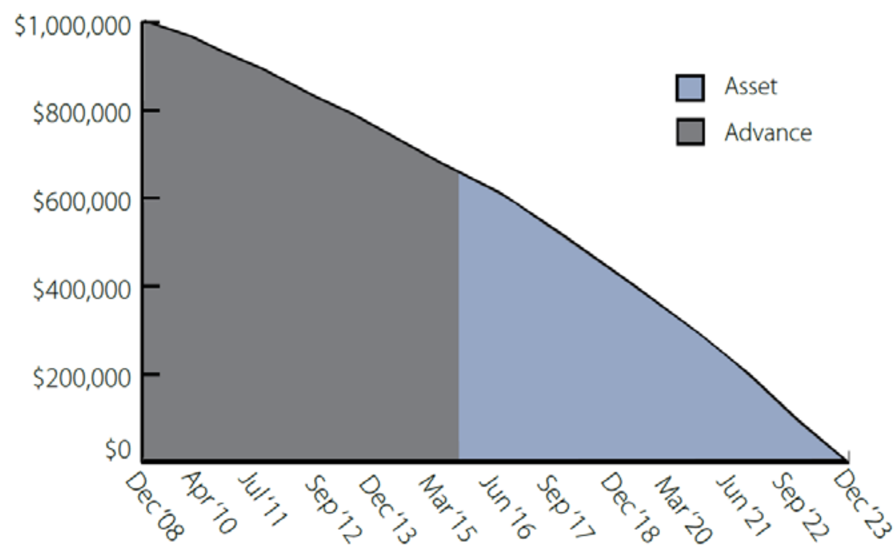


ASSET	ADVANCE	DEPOSIT COF	SPREAD IN BPS
$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly	$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Rate: 4.225 % Principal: Monthly	2.000 %	202 initial 202 adv life 202 asset life

Amortizing Advance Funding Strategy

Amortizing advances can be used to offset a portion of the interest rate risk of long-term loans made by member institutions. The short funding strategy matches the dollar amount of the member's loan to their customer, but the term of the advance is established based on the estimated average life of the customer's loan versus the loan's contractual maturity date. The short funding strategy decreases the member's cost of funding and increases the spread on the transaction, while increasing the member's exposure to funding costs in the latter term of the loan if the loan remained on their books until contractual maturity. The short funding strategy works well when members believe the loan will pay off prior to its contractual maturity.

SHORT FUNDING

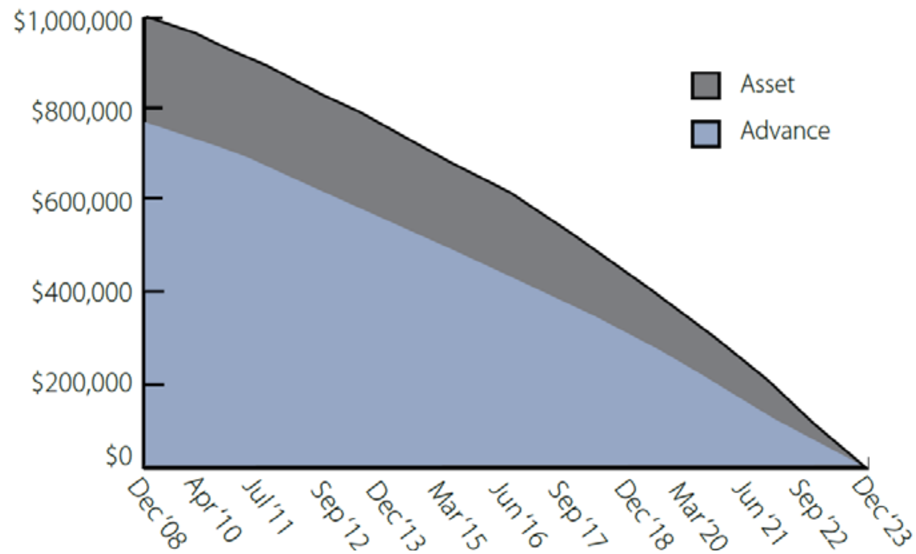


ASSET	ADVANCE	DEPOSIT COF	SPREAD IN BPS
$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly	$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 84 mo Rate: 3.864 % Principal: Monthly	2.000 %	239 initial 239 adv life 298 asset life

Amortizing Advance Funding Strategy

Amortizing advances can be used to offset a portion of the interest rate risk of long-term loans made by member institutions. The blended funding strategy matches the exact term of the member's loan to their customer, but funds a portion of the loan with an amortizing advance and a portion with the member's deposits. The mix of funding depends upon the member's risk tolerance and spread requirements. By weighting the funding mix toward advance funding the member is exposed to less interest rate risk and less spread on the transaction. Weighting the funding mix more heavily toward the member's deposits increases the interest rate risk and spread, but provides a cushion to absorb early paydowns made on the loan.

BLENDED FUNDING

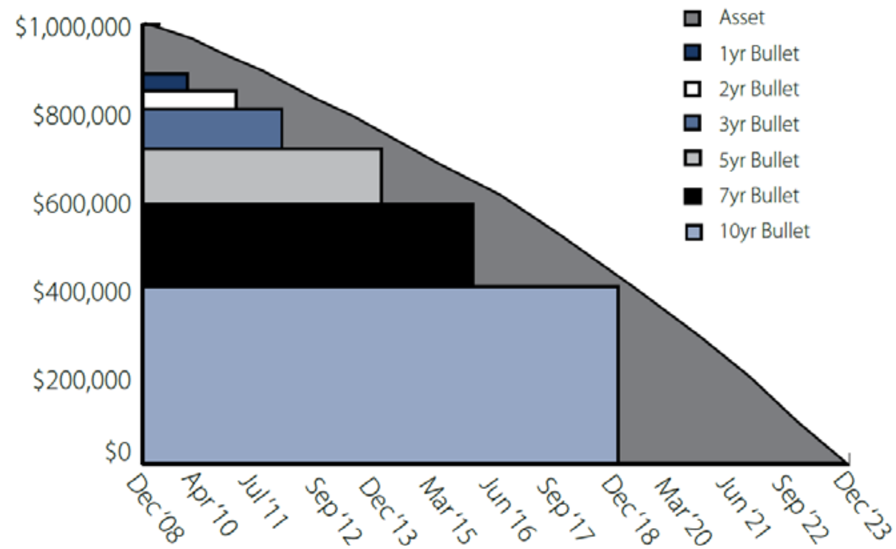


ASSET	ADVANCE	DEPOSIT COF	SPREAD IN BPS
$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly	$750,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Rate: 4.225 % Principal: Monthly	2.000 %	258 initial 258 adv life 258 asset life

Fixed Rate Funding Strategy

- Bullet advances, like amortizing advances, can be used to offset the interest rate risk of long-term loans made by member institutions. A bullet funding strategy uses strips of bullet advances to fund a large portion of the member's loan to their customer. The bullet strategy allows the member to lock in their liability costs and spread on the portion of the transaction funded with bullet advances. The portion of the customer's loan funded by deposits increases the overall spread on the transaction and provides a cushion to absorb additional or early principal paydowns by the customer. Additionally, members can incorporate call options on fixed rate bullet advances to further protect against prepayment risk.

BULLET FUNDING



ASSET	ADVANCE	DEPOSIT COF	SPREAD IN BPS
$1,000,000 Amort: 180 mo CPR: 0.000 % Maturity: 180 mo Yield: 6.250 % Principal: Monthly	Rate: 3.522 % 1yr: 1.72%, 276 adv life 2yr: 1.92%, 272 adv life 3yr: 2.34%, 268 adv life 5yr: 3.22%, 261 adv life 7yr: 4.01%, 258 adv life	2.000 %	279 initial 279 asset life

FHLBANK TOPEKA

ONE SECURITY BENEFIT PLACE,
SUITE 100

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FHLBank
Topeka