



## Federal Home Loan Bank of New York Pledging of Purchased Pool Guidelines

Pools of eligible mortgage collateral purchased from third party originators and aggregators may be pledged by members as Qualifying Mortgage Collateral. Following are a series of high level guidelines to assist members in gathering the information required to deliver to the FHLBNY so Collateral Services staff may review and confirm eligibility of assets, complete the pledging process and extend new borrowing capacity to the member.

**Delivery of Purchase & Servicing (P&S) Agreement(s) between Member and Seller.** The transactions may be addressed in one or two agreements (a separate purchase and a separate servicing agreement). The agreements may be close-ended, meaning a one-time transaction or 'bulk purchase', or may be for a 'flow delivery' or ongoing arrangement. For the latter, we have found it a common practice that for each purchase of a pool or group of loans under a flow delivery arrangement, a shorter, transactional purchase letter or agreement is typically drafted detailing the specifics of that purchase. This document is required to be forwarded to Collateral Services each time a new group of loans is added to the listing of mortgage collateral.

The agreement(s) should contain a description of the type of mortgage assets purchased, (ex. First lien, 1-4 family, fixed rate or type of ARM product, 3 yr. or 15 yr., max LTV, FICO score range, geographic preferences, income documentation details such as Low Doc, Stated Income, Stated Assets, Full Doc, etc.)

It should also contain the type of credit guidelines used to produce the loans.

If the guidelines are Freddie/Fannie eligible per agreement between Seller and GSEs then an outline of the exception criteria granted to the Seller by the GSEs should be included. This may be substituted with a document between the Member and the Seller outlining the credit and loan characteristic criteria for the desired loan product to be included in the purchased pools. This agreement should clearly identify owner of the mortgage servicing rights ("MSRs").

The agreement also should contain a standard predatory lending clause that confirms the exclusion of any loan classified as a high cost under HOEPA, or high cost, threshold, covered or predatory under any other applicable federal, state or local law.

The agreement should indicate if mortgages sold are registered in MERS.

The agreement should indicate if any loans are documented with eNotes and/or eMortgages.

- **Loans presented as collateral closed by a 3rd party originator and/or acquired by the member on or after 7/10/07 must comply with the Interagency Guidance for Nontraditional and Subprime Mortgage Lending.** The seller should certify compliance, and the member needs to provide evidence of testing for compliance. Loans not in compliance will not be considered as eligible collateral. Nontraditional or subprime loans in compliance with the guidance will warrant a higher collateral discount due to the increased risk in the asset.
- **Delivery of Assignment, Assumption & Recognition Agreement.** When an intermediary is involved in the sale of a pool, such as one of the investment houses, and the original P&S Agreements are executed between the Seller and this entity, deliver a copy of the Assignment, Assumption & Recognition Agreement, or a variation of this standard document that is used to assign the P&S to your institution as the buyer from the intermediary.

- **Delivery of the Custodian Agreement between Member and Custodian.** When the Seller and Custodian are the same entity, the custodial duties and terms may be included in the P&S Agreement or Servicing Agreement.
  - If the Custodian is a third party, then a separate custodial agreement between the Member and Custodian is required and should contain industry standard terms for the safekeeping and maintenance of the loan documents.
  - Contact information for custodian along with physical address of document location and document imaging plans will be required.
- **Execution of the FHLBNY's Collateral Rights Agreements for Servicer, Sub-Servicer, and/or Custodian.** These agreements allow third parties to acknowledge the FHLBNY's interest in the pledged assets. We have a version combining the two when the Servicer and Custodian are the same entity.
- **Adequate Electronic Listing of Mortgage Assets via FHLBNY's Mortgage Data Format.** Most large service bureaus have coded our format and we have accommodated industry variations. This is no longer a challenge. Segmenting of assets into unique Portfolios by Seller will result in some specific coding requests from FHLBNY for Member. Request for data provider (member, servicer or service bureau) contact information will be required.) If loans are registered in MERS then the MERS MIN # is required as a match from the listing to the MERS system will create a reconciliation process need.
- **Execution of the MERS Electronic Transfer Agreement ("MERS ETA").** This is a standard agreement created jointly by MERS and the FHLB System Credit Officers to facilitate the pledging of loans registered in MERS. The Member or servicer will need to identify assets with beneficial owner and pledge associate number identifying the FHLBNY's collateral.
- **If interested in pledging a purchased pool, please complete the following questionnaire:**  
[PLEDGE QUESTIONNAIRE](#)

❖ **FHLBNY Collateral Contacts for Pledging Purchased Pools:**

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**Or Custody and Pledging Services** (888) 852-8460

**Mailing address:**

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