



COLLATERAL FAQs

To maintain our position as a reliable, cost effective, and accessible source of credit for our members, all credit extensions are provided on a secured basis. The FHLBNY's collateral guidelines are established to protect our members' investments in the FHLBNY by ensuring our financial integrity and long-term viability.

Do all FHLBNY advances need to be collateralized?

Yes. To protect both the FHLBNY and members' interests and to comply with regulations, advances and other obligations are extended only on a secured basis. Members must have sufficient qualifying collateral pledged, meeting a pre-established Max Lendable Value, prior to participating in the FHLBNY's credit programs.

What types of collateral does the FHLBNY accept?

The FHLBNY accepts eligible mortgage loans on 1-4 family residential properties, home equity lines of credit (HELOC), multi-family, and commercial real estate; agency and treasury securities, certain private label mortgage backed securities as well as cash is also accepted as collateral. For complete details regarding eligible forms of collateral, along with their specific qualification guidelines, please refer to the Member Products Guide. To obtain a copy, log onto 1Linksm, our secure internet banking system.

Can I pledge mortgage loans that are held in an Investment Subsidiary or a REIT to the FHLBNY?

Normally, collateral transferred to a subsidiary or affiliate is no longer eligible to be pledged by the member. However, this can be easily remedied by executing a Subsidiary/Affiliate Collateral Pledge and Security Agreement and by providing information about the third party for legal review, along with your board of directors' or shareholders' resolutions approving the transaction.

Can members pledge collateral purchased from or serviced by parties other than the member?

Yes. Members may pledge to the FHLBNY mortgage collateral that is purchased from or serviced by parties other than the member, or held by a custodian other than the member, including their own banking subsidiaries and trust operations. Members who need to pledge collateral purchased or serviced by other parties are required to provide the FHLBNY with a copy of the Purchase, Servicing and/or Custodian Agreements. A Collateral Rights Agreement recognizing the FHLBNY's interest in the collateral must be executed by the third party. You may find a copy of the Purchase Pool Guidelines on the FHLBNY's website at www.fhlbny.com/members under *Forms & Agreements > General Collateral Forms*.

How do I find out how much collateral I have at the FHLBNY?

Members can determine how much collateral they have at the FHLBNY by reviewing their Collateral Position Report. The report enumerates a member's borrowing potential and is available on 1Link. Through 1Link, you can also arrange to have your report automatically delivered to you via email. If you are not signed up on 1Link, please contact your Calling Officer.

See reverse for more FAQs about Collateral at the FHLBNY>





How is Maximum Lendable Value Determined?

Maximum Lendable Values are established to ensure that the FHLBNY always has sufficient eligible collateral securing credit extensions. Maximum Lendable Value's are typically designated by type of collateral pledged. The collateral is periodically evaluated and adjusted to reflect current market conditions. In establishing the various Maximum Lendable Values, the FHLBNY considers the potential market, credit and liquidity risks associated with each type of pledged collateral. In addition, the Maximum Lendable Value allows for reasonable costs associated with the liquidation of collateral as well as any remaining unknown factors. However, the Maximum Lendable Value may also be impacted by the overall financial condition of the members, or third-party entities (i.e., pledgors, servicers, custodians) involved in the relationship between the member and the FHLBNY.

Members with a weakened financial condition may be assigned a lower Maximum Lendable Value and may be required to provide additional collateral to cover accrued interest, and estimated early termination fees on outstanding advances.

Must all mortgage data requested be included on the Collateral System Electronic File?

Yes. In order to gain the best borrowing potential possible against a member's reported mortgage collateral and the fastest turnaround possible, it is important that complete and accurate data be provided. Lack of key fields, such as the appraised value, loan-to-value, ARM data, property type, loan purpose code, and mortgage insurance information, will result in discounted values calculated for the reported collateral or the rejection of the loan. In addition, the FHLBNY may assign an adjusted market value discount to the overall portfolio due to data deficiencies in the automated listing. Our Collateral Services team can assist your institution in resolving missing or incorrect data.

Does the FHLBNY charge fees for collateral transactions, pledging, reporting requirements and to review secondary mortgage collateral?

Yes. All fees are listed in the Collateral Services Fee Schedule. You can view the schedule in our Member Products Guide or on 1Link. After you log onto 1Link, click on the "Tools" link on the upper right-hand side of the screen, and then click on the "Manuals and Guides" section.

Where can I find collateral-related forms?

Collateral-related forms can be found on the FHLBNY's website at www.fhlbny.com/members under *Forms & Agreements > Collateral*.

Key Contacts:

Collateral Services (888) 852-8460 | Calling Officers (212) 441-6700