

Collateral Guidelines for Borrowing Capacity

U.S. Government-Backed Securities

REMAINING TERM TO MATURITY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
≤ 3 years	97%	96.4%	Interest-only or principal-only strips of securities, residuals and Z tranches are not acceptable.
> 3 years	95%	94%	

Fannie Mae/Freddie Mac Mortgage-Backed Securities & Agency CMOs

REMAINING TERM TO MATURITY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
Any	93%	91.6%	Interest-only or principal-only strips of securities, residuals and Z tranches are not acceptable.

Other: Fully Disbursed Whole First Mortgages

SECURED BY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
Residential Properties	Up to 90%	Up to 88%	Varies by member category - see FHLBank Boston <i>Products and Solutions Guide</i> for full details regarding eligibility and valuation.

THE TOTAL DISCOUNTED VALUE OF THE FOLLOWING COLLATERAL CANNOT EXCEED TWICE THE MEMBER'S GAAP CAPITAL (OR STATUTORY CAPITAL IF MEMBER DOES NOT FILE GAAP).

Commercial Mortgage-Backed Securities (CMBS)

REMAINING TERM TO MATURITY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
< 5 years	AAA = 85% AA = 75% A = 65%	AAA = 82% AA = 70% A = 58%	<ul style="list-style-type: none"> The lowest rating by either Moody's, S&P, or Fitch will be used A rated CMBS will be limited to a discounted amount of 20% of total CMBS pledged (domestic CMBS deals only) Maximum threshold of 25% for any single loan or borrower Securities must be publicly traded, and a daily market price must be available Minimum of 50 loans in the issue Only senior tranches All loans must be secured by a first mortgage Max weighted average LTV of 80%. Minimum weighted average DSCR of 1.2x
≥ 5 years	AAA = 80% AA = 65% A = 50%	AAA = 76% AA = 58% A = 40%	

Municipal Securities

TYPE AND REMAINING TERM TO MATURITY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
<i>ISSUANCE SIZE OF \$25 MILLION OR MORE</i>			
General Obligation: < 6 years	AAA = 90% AA= 87% A = 75%	AAA = 88% AA= 84.4% A = 70%	<p>Proceeds of the security have been or will be used to finance the acquisition, development, or improvement of real estate.</p> <ul style="list-style-type: none"> Documentation substantiating the proportion of bond proceeds used to finance the acquisition, development or improvement of real estate (the “real estate nexus”) <u>must be provided</u> by the member; Bonds with minimum issuance size greater than or equal to \$25 million: <ul style="list-style-type: none"> Must have a rating from at least two of the following NRSROs: Moody’s, S&P, Fitch or Kroll; and Long-term rating of A3/A- or better and equivalent Securities Valuation Office rating (for insurance company member assets); and Bonds rated A3/A- cannot be on negative watch by an NRSRO. Bonds with issuance sizes greater than or equal to \$5 million and less than \$25 million: <ul style="list-style-type: none"> Must have at least one rating from the following NRSROs: Moody’s, S&P, Fitch or Kroll; and Long-term rating of Aa2/AA or better. If split rating, the lowest rating is used Must be publicly registered and traded and a daily market price must be available <p>NOT ELIGIBLE:</p> <ul style="list-style-type: none"> IO, PO (zero coupon), leased backed, tender option bond, variable rate demand note Private placement securities Certificate of participation, variable rate product or short-term product that involves auction rate Third-party support/enhancement other than U.S. government/ agency collateralized Following type of revenue bonds: pension obligation, tobacco settlement, special revenue/assessment, tax increment/ allocation, and industrial development
General Obligation: ≥ 6 years	AAA = 85% AA = 82% A = 70%	AAA = 82% AA= 78.4% A = 64%	
Revenue: < 6 years	AAA = 90% AA = 87% A = 75%	AAA = 88% AA = 84.4% A = 70%	
Revenue: ≥ 6 years	AAA = 80% AA = 77% A = 62%	AAA = 76% AA = 72.4% A = 54.4%	
<i>ISSUANCE SIZE \$5 MILLION TO \$25 MILLION</i>			
General Obligation: < 6 years	AAA = 85% AA= 77% A = Ineligible	AAA = 82% AA= 72.4% A = Ineligible	
General Obligation: ≥ 6 years	AAA = 80% AA= 72% A = Ineligible	AAA = 76% AA= 66.4% A = Ineligible	
Revenue: < 6 years	AAA = 85% AA= 77% A = Ineligible	AAA = 82% AA= 72.4% A = Ineligible	
Revenue: ≥ 6 years	AAA = 75% AA= 67% A = Ineligible	AAA = 70% AA= 60.4% A = Ineligible	

Other: Fully Disbursed Whole First Mortgages

SECURED BY	BLANKET LIEN VALUATION	SPECIFIC LIEN VALUATION	COMMENTS
Commercial Real Estate	Up to 65%	Up to 58%	Varies by member category - see FHLBank Boston <i>Products and Solutions</i> Guide for full details regarding eligibility and valuation. Certain CRE participation loans may also be eligible.
Multifamily	Up to 76%	Up to 71.2%	

NOTE: The net collateral amount (after the collateral valuation discount or haircut) in a custodial account must be greater than or equal to the borrowed amount at all times.

Please see the *Products and Solutions Guide* for full details.