

Federal Home Loan Bank of Boston Qualified Collateral Report (QCR)

General Guidelines and Instructions

The Qualified Collateral Report (QCR) should be updated and submitted to the FHLB Boston (Bank) within 30 calendar days following either quarter-end or month-end depending on the member's established reporting cycle. The Bank reserves the right to request more frequent reporting if deemed necessary. You can download a copy of the QCR here (insert a link) and can be reused each quarter.

The QCR has a generic name (Summary **DOCKETyyyymmdd**.xls). Once downloaded, "save as" and replace the yellow highlighted section (see above) with your docket number and the quarter end date. Please only change the docket and date. **Changing the entire file name prevents our system from accepting the QCR, and your one- to four-family loans will not be entered into our system.** The QCR report can be reused each quarter. You can update and re-upload the QCR as many times as necessary.

Once you have completed the QCR, please upload the report through the Federal Home Loan Bank of Boston's secure file transfer site, which is located at: <https://ftp.fhlbboston.com>. We cannot accept a mailed or faxed QCR report. If you do not have a login, please send an email request to Collateral@fhlbboston.com (include your docket number in the subject line).

As stated in the Bank's Products and Solutions Guide, in the true spirit of our cooperative, the Bank's robust collateral requirements are in place to protect our members' investment in the Bank and our financial and regulatory positions. Every member is required to pledge the required amount of eligible collateral to secure all extensions of credit from the Bank.

Preparation of the Reports

Members are required to prepare and file the QCR in accordance with these instructions. During recent on-site collateral reviews of QCRs, we discovered that certain members were not reporting Subprime and Nontraditional loans as they are defined in the Bank's Products and Solutions Guide. Inconsistent application of these collateral categories can have a negative impact on a member's collateral position. When completing the QCR, please be sure to report these categories of collateral according to the definitions provided in the Products and Solutions Guide. These definitions are listed below for your reference. The member should retain a copy of all backup information used to prepare the QCR.

A member's borrowing capacity under Category-1 status is basically limited to the following types of collateral. A specific listing or delivery of the owner-occupied 1- to 4-family or loans pledged to the Bank is not typically required.

- I. Conventional fully disbursed whole first mortgages on owner-occupied 1-4 family residential property with a standard amortization schedule.

- II. Conventional fully disbursed first mortgages on owner-occupied 1-4 family residential property that meet the guidelines of the Qualified Mortgage or QM Rule
- III. Nontraditional fully disbursed whole first mortgages on owner-occupied 1-4 family residential property that allows the borrower to defer payment of principal. (Exclude loans with FICO scores below 661.
- IV. Subprime fully disbursed first mortgages on owner-occupied 1-4 family residential property that meet the guidelines of the Qualified Mortgage or QM Rule
- V. Subprime fully disbursed Subprime first mortgages on owner-occupied 1-4 family residential property where the lowest of the mid FICO score for all borrowers responsible for repayment of the note has a FICO credit score below 661. In the absence of a FICO score, include loans to borrowers with a weak credit history. Characteristics indicative of a weak credit history include a history of delinquency, bankruptcy, and/or foreclosure and repossession. (Do not include any loans that also meet the Bank's definition of a Nontraditional loan).

Certification By uploading the QCR, the member hereby certifies (i) that this collateral is qualifying collateral, (ii) that the above information is accurate and complete and has been prepared in accordance with the Credit and Collateral policies of the FHLB and the instructions issued by the FHLB, and (iii) that all subprime loans and non-traditional loans have been originated and are being serviced in accordance with applicable regulations and regulatory guidance.

On-Site Collateral Reviews

In accordance with prudent credit management as well as regulatory requirements, the Bank's collateral staff is required to periodically verify the existence of eligible collateral securing advances. For a variety of reasons, the Bank may contact the member to arrange an on site collateral review.

As noted above, the member must retain a copy of all backup information used to prepare the QCR. This back-up information should be available for review by the collateral staff and reconcile to the pledged collateral that the member represents to be qualified on the QCR.

In addition, the member must be able to provide a loan trial balance listing of all eligible loans reported on the QCR worksheets. Loan listing means a detailed listing by loan number purporting to include all loans pledged to the Bank. Please note that when selected for an on site collateral review, the member must be able to provide the Bank this listing in an electronic format such as excel.

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the Bank's Collateral Department at Collateral@fhlbboston.com , 617-292-9729, or you can consult the Bank's Products and Solutions Guide.

Instructions for filling our QCR

1. Update an existing QCR or download a new copy.
2. Use the Ineligible Loan Worksheet to subtract ineligible loans and calculate the net total eligible 1-4 Family Owner-Occupied First Mortgage Loans. This worksheet has columns for each category of eligible 1-4 Family Owner-Occupied loans.
3. Transfer the net totals of each category of eligible 1-4 Family Owner-Occupied loans to the QCR. Do not add formulas to the QCR. This will prevent the QCR from loading into our system.
4. Fill out the percentage information for the two LIBOR questions.
5. Upload the completed QCR to our secure site. You may have to login again to upload.
6. You will receive an e-mail informing you know we received your QCR.
7. The next day you may check your borrowing capacity (after 8:30) in Online Banking.

Frequent errors you should watch out for:

- Each category represents a separate dollar amount. Ex. Subprime 1-4 Family amount is not a subset of the Conventional 1-4 Family loans. We've noticed some members were not reporting Subprime thinking it was already part of the Conventional loans. Subprime and Conventional are two separate categories of 1-4 Family.
- The Federal Home Loan Bank of Boston defines a Subprime loan as a mortgage loan where the representative FICO credit score is 660 or lower. In some cases, a FICO score is not available, the Bank defines a Subprime Loan as a loan to a borrower with a weak credit history. A weak credit history is characterized by a history of late payments, bankruptcy, judgments, repossession, and/or foreclosure.
- The collateral information must be in whole numbers only. Do not format to thousands when filling out the QCR. For example, if you type in 1,000 you will only receive credit for one thousand.

If you have any questions about your QCR or borrowing capacity, please contact us at Collateral@fhlbboston.com and be sure to include your Docket number.