APPENDIX B: Qualified Collateral Report

Period ending ______________

Institution ____ * Signature of Authorized Officer ____ Title ______________

Telephone # ____ Print Name of Authorized Officer ____

FHLB Date: ______________

Docket No.________________ Collateral Maintenance Level ______________ 0 (as determined on the last page of this report)

* *On this date and for so long as there shall be any outstanding Advances or other obligations (as defined under the Agreement for Advances, Collateral Pledge and Security Agreement, herein after "Agreement") Member represents, warrants, covenants and certifies with and to the Bank that no unsubordinated financing statements (including UCCs), security agreements or other lien covering all or any part of the Qualified Collateral required to satisfy Member's Collateral Maintenance Level (as defined in the Agreement) is on file in any public office, except the Banks.*

* *Member also certifies that to the best of his/her knowledge all 1-4 family collateral pledged to the Bank complies with nontraditional residential mortgage and subprime mortgage lending guidance.*

	Notes	A Total Unconsolidated Qualified Assets		B Total Unconsolidated Qualified Assets Pledged to Others 2/		C Total Qualified and Approved Assets in a Member's Subsidiary(ies) 3/ Check type of subsidiary(ies) REIT ( ) PIC ( ) SC ( )		D (A- B+ C= D) Qualified Collateral Available to the FHLB *Include collateral shown in column C only if appropriately pledged* 3/		E Valuation for Collateral Purposes		F (D X E) Potential Borrowing Capacity
Qualified Collateral	1/											
1. (a) Fully disbursed whole first mortgages on owner-occupied one- to four-family residential property with a fixed rate and term, fixed payment, and a standard amortization schedule,	4/ 15/ 16/ 17/	0	-	0	+	0	=	0	x	75% of book value	=	0
Subprime loans included in (a)	18/	0				0						
(b) Fully disbursed whole first mortgages on owner-occupied one- to four-family residential property with a variable rate, and/or a non-standard amortization schedule,	4/ 19/ 15/ 16/ 17/	0	-	0	+	0	=	0	x	75% of book value	=	0
Subprime loans included in (b)	18/	0				0						
(c) Fully disbursed whole first mortgages owner-occupied one- to four-family residential property insured by the FHA.	4/ 5/ 15/ 16/ 17/	0	-	0	+	0	=	0	x	85% of book value	=	0
(d) Fully disbursed whole first mortgages on non-owner-occupied one- to four-family residential property and are properly pledged to the Bank.	4/ 6/ 16/ 17/		-		+		=	0	x	The lesser of 50% of market value as determined by the Bank, or 50% of book value	=	0
(e) Fully disbursed whole first mortgages on residential property of five or more units that are properly pledged to the Bank.	4/ 6/ 7/ 17/		-		+		=	0	x	The lesser of 65% of market value as determined by the Bank, or 65% of book value	=	0
(f) Mortgages or other loans, with the exception of SBA loans, regardless of delinquency status, to the extent that the mortgages or loans are insured or guaranteed by the United States or any agency thereof. Such insurance or guaranty must be for the direct benefit of the member pledging the mortgage or loan as collateral.	8/ 17/	0	-	0	+	0	=	0	x	75% of book value	=	0

QUALIFIED COLLATERAL REPORT (continued)

		Notes	A Total Unconsolidated Qualified Assets		B Total Unconsolidated Qualified Assets Pledged to Others 2/		C Total Qualified and Approved Assets in a Member's Subsidiary(ies) 3/		D (A- B+ C= D) Qualified Collateral Available to the FHLB		E Valuation for Collateral Purposes		F (D X E) Potential Borrowing Capacity
2. (a)	Securities issued, insured, or guaranteed by the United States Government or any agency thereof (including, without limitation, mortgage-backed securities issued or guaranteed by FHLMC, FNMA or GNMA). However, the Bank will normally not accept as collateral derivatives of the above securities that contain excessive interest rate and/or other financial risks. As an example, the Bank will normally not accept interest-only or principal-only strips of the above securities, or the residual and Z tranches of collateralized mortgage obligations.	9/		-		+		=	0	x	90% - 95% of market value 14/	=	0
(b)	Non-agency mortgage-backed securities representing an interest in whole first mortgage loans or improved residential property not more than 90 days delinquent.	9/ 14/ 15/		-		+		=	0	x	85% - 90% of market value 14/	=	0
(c)	Securities backed by, or representing an equity interest in, mortgages or other loans, including SBA loans, regardless of delinquency status, to the extent that the underlying mortgages or loans are insured or guaranteed by the United States or any agency thereof. Such insurance or guaranty must be for the direct benefit of the member pledging the securities.	9/		-		+		=	0	x	90% of market value	=	0
(d)	Securities, including Bank-approved mutual funds, representing an equity interest in eligible collateral. Specifically, these securities must represent an undivided equity interest in underlying assets, all of which qualify as eligible collateral as noted in Section 1 (Loans) and 2 (Securities) of this Appendix B, or as cash or cash equivalents.	9/ 10/		-		+		=	0	x	90% of market value	=	0
3.	All funds placed in deposit accounts at the Federal Home Loan Bank of Boston, and specifically pledged to the Bank as collateral.	11/		-		+		=	0	x	100% of book value	=	0
4.	For Community Financial Institution (CFI) members, secured small-business, small-agribusiness, and small-farm loans that are within the member's legal lending limit for loans to one borrower.	6/ 12/ 13/ 17/		-		+		=	0	x	The lesser of 50% of market value as determined by the Bank, or 50% of book value	=	0
5.	Other real estate-related collateral in a discounted amount up to two times the member's GAAP capital. Such real estate-related collateral must have a readily ascertainable value, and the Bank must be able to perfect a security interest in it.	6/ 15/ 17/											
	Mortgages or other loans			-		+		=	0	x	The lesser of 50% of market value as determined by the Bank, or 50% of book value	=	0
	Securities	9/ 20/		-		+		=	0	x	60% - 85% of market value 14/	=	0
	TOTALS		0	-	0	+	0	=	0				0
									Less Collateral Maintenance Level			-	0
									Equals Collateral Excess / (Deficiency)			=	0

QUALIFIED COLLATERAL REPORT (continued)

Collateral Maintenance Level

Outstanding advances (excluding IDEAL Way and other Lines of Credit advances)		
Plus:	IDEAL Way Lines of Credit	
	Other Lines of Credit	$ -
	FHLB Letters of Credit	$ -
	Net collateral required for interest rate swap agreements to which the Federal Home Loan Bank of Boston is a Counterparty *	$ -
	Credit enhancement required to secure assets sales to the FHLB	$ -
Equals:	Collateral Maintenance Level (sum of above)	$ -

* The minimum required collateral for an interest rate swap is the market value of the swap as determined by the Bank, plus net accrued interest due to the Bank, plus the potential future credit exposure (PFCE) of the swap as determined by the Bank. In all cases, the PFCE of the swap will not exceed 1.5% of the notional amount. In addition, the required collateral will not be less than the PFCE of the swap.

FOOTNOTES

1/ The Bank may in its sole discretion refuse certain collateral, or adjust collateral discounts applied, based on the financial condition of the member, and on the Bank's review of the overall quality and volatility of the value of the collateral pledged.

2/ Should include any assets pledged to others, including assets pledged against mortgage-backed bonds, repurchase agreements, deposits, interest rate swaps, and letters of credit. Please indicate by footnote or asterisk if the assets are pledged to the Federal Rserve Bank or a corporate credit union. For purposes of this item, assets are not deemed to be pledged to another entity if that entity has subordinated its security interest in the asset to the Bank by written agreement, or, in the case of securities, the member has given the Bank control of the securities.

3/ Note that a member's assets which have been transferred to a REIT and/or separately incorporated subsidiary (or affiliate) do not typically qualify as collateral for the Bank's purposes. However, the Bank may allow a member to include as collateral qualified assets transferred to a REIT and/or separately incorporated subsidiary provided that the member specifically pledges its stock and the assets (if applicable) in the subsidiary to the Bank. Include qualified subsidiary collateral in column C and D only if it has been properly pledged to and accepted by the Bank. If the subsidiary collateral has not been pledged to and accepted by the Bank, do not include this collateral. Please indicate the type of subsidiary(ies) shown in column C by checking all that applies (REIT = Real Estate Investment Trust, PIC = Passive Investment Corporation, SC = Security Corporation). Also contact the Collateral Department at 617-292-9729 if you have any questions or would like additional information.

4/ There should be no tax liens on these loans, and no payment should be overdue by more than 45 days beyond the due date. These loans should not be made to officers, directors, employees, attorneys, or agents of the institution or the FHLB Boston. Loans with LTV ratios over 90 percent (with the exception of loans insured under Title II of the National Housing Act, i.e. insured by the FHA) must have private mortgage insurance.

For the Bank's purposes, 100 percent particiaption certificates backed by fully disbursed whole first mortages on residential property are the equivalent of whole loans. These 100 percent participation certificates will receive the same valuation as the equivalent whole loans included in the category 1 collateral subgroup.

<u>Definition of Owner-occupied Principal Residence</u>: Loans must be secured by owner-occupied dwellings. An owner-occupied dwelling is the borrower'sprimary residence. Second homes, vacation homes, or other investor type properties do not qualify under this collateral category. These non-owner-occupied 1-4 family residential loans must be individually listed with the FHLB, and are subject to individual review and acceptance. First liens on non-owner-occupied 1-4 family loans are included as Category 1.(d) of the QCR, and second liens are included as Category 5, "Other Real Estate Related" collateral on the QCR. Also note that "reverse annuity mortgages" should be included as Category 5 collateral. This is because reverse annuity mortgages are not fully disbursed at origination.

5/ The collateral valuation of owner-occupied one- to four-family residential loans held in blanket status, and fully insured by the FHA, will be 85 percent of book value. The collateral valuation of multifamily residential loans delivered to the Bank, and fully insured by the FHA, will be the lesser of 90 percent of the market value as determined by the Bank, or 90 percent of the book value.

6/ These loans are subject to individual review and acceptance by the Bank. If accepted, at a minimum, these loans will be maintained in listing status by the Bank.

7/ The collateral valuation of multifamily loans wih Low Income Housing Tax Credits will be the lesser of 95 percent of market value as determined by the Bank, or 95 percent of book value. In order to receive the higher collateral valuation, multifamily loans must meet certain criteria established by the Bank. Please contact the Collateral Department, at 617-292-9729, for additional information.

8/ The Bank does not accept loans guaranteed by the Small Business Administration as collateral at this time. The Bank is not able to perfect its security interest in such loans at this time.

9/ All securities pledged as collateral by members must be delivered to the Bank or to a Bank-approved third party custodian, subject to a control agreement. A member that holds securities in a security corporation must deliver the stock certificate(s) that evidences its ownership of the security corporation. In this event, the member will be required to safekeep the underlying securities with the Bank or with an approved third-party custodian.

Members must ensure that the Bank has the first-priority unsubordinated security interest in securities they use to satisfy their minimum collateral maintenance level at the Bank, and that no other entity has a security interest superior to the Bank's interest.

10/ "Cash equivalents" are defined as highly liquid investments that both a) are readily convertible to known amounts of cash and b) have a remaining maturity of 90 days or less at the acquisition date such that the investment is so near its maturity that it presents insignificant risk of change in value because of changes in interest rates.

Only investments that meet both criteria a) and b) noted above, and that are used as part of an institution's cash -management activities, are included as cash equivalents. Items that generally qualify as cash equivalents under the two-part test include ninety-day Treasury bills and notes, commercial paper, CDs, money market funds, and federal funds sold. However, each investment must qualify under the two-part test. A CD that has a remaining maturity of six months on the acquisition date does not qualify. Furthermore, investments and cash that is designated for special purposes, or that is restricted as to its use or withdrawal, are not considered cash equivalents. For example, a security acquired under a repurchase agreement (repo) is restricted as to use and, therefore, does not qualify as a cash equivalent. Note that repurchase agreements (repos) will be considered a cash eqivalent only if they meet the following criteria as determined by the Bank:

a) the mutual fund in question enters into the repos solely for liquidity purposes and not for other investment purposes;
b) the repos are readily convertible into known amounts of cash; and
c) the repos have an original maturity of 90 days or less.

11/ Only include deposit accounts as collateral that have been placed in a collateral overnight deposit account (OND) in delivery status at the Bank.

12/ A community financial institution (CFI) is defined as a member FDIC-insured depository institution that has less than $599.0 million in average total assets based on the average total assets for the three most recent calendar yearends. This $599.0 million average asset cap is effective April 1, 2007 through March 31, 2008. The average total asset limit will be adjusted at the end of each calendar year using the annual change in November's Consumer Price Index for all urban consumers (CPI-U).

13/ Small-farm loans are loans secured primarily by farmland.

14/ Securities delivered to the Bank typically will be valued at 60%-95% of market value.

US Government and Agency securities delivered to an approved third-party custodian under a control agreement typically will be valued at 95 percent of market value if the Bank is able to mark these securities to market on a daily basis. If a daily mark-to-market valuation is not available, the securities typically will be marked to market monthly and valued at 90 percent of market value.

Senior tranches on non-agency residential mortgage-backed securities typically will be valued at 90 percent of market value if the Bank is able to mark these securities to market on a daily basis. If a daily mark-to-market valuation is not available, the securities typically will be marked to market monthly and valued at 85 percent of market value.

Securities that are Category 5, Other Real Estate Collateral, will be valued at 60 to 85 percent of market value if the Bank is able to mark these securities to market on a daily basis. If a daily mark-to-market valuation is not possible, these securities will be marked-to-market at least monthly and subject to an additional five percent valuation discount.

Valuation of Other Real Estate Collateral Securities

	Security Rating	Valuation for collateral purposes as a percentage of market value
Commercial MBS	AAA+	85%
	AAA	80%
	AA	75%
	A	60%
Home Equity ABS	AAA	80%
	AA	65%
	A	60%
Subordinate classes of Residential MBS	AA	80%
	A	75%

15/ Eligible collateral does not include an owner-occupied residential mortgage loan(s), whether pledged individually or as part of a private label (non-agency) mortgage-backed security, that meets one or more of the following criteria:

The annual percentage rate and/or points and fees charged for the loan exceed the thresholds of The Home Equity Ownership Protection Act of 1994 (HOEPA)[1];
The loan has been identified by the member's primary federal regulator as possessing predatory characteristics;
The loan includes prepaid, single-premium credit insurance; and/or
The loan is subject to state and/or local laws where one or more of the major credit rating agencies (i.e., Standard and Poor's, Moody's Investors Service, and/or Fitch Ratings) will not rate a security (or securities) in which the underlying collateral pool contains such a loan.

The loan is defined as a High Cost Loan, Covered Loan, or Home Loan in Appendix C of the Products Policy.
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.

For the purpose of defining a predatory loan, a "residential mortgage loan" is a mortgage loan secured by one- to four- family residential property. For this purpose, this definition includes mortgage loans and home equity loans and open-ended home equity lines of credit, including those secured by junior liens.

16/ Fully disbursed, closed-end home equity loans secured by first liens on 1-4 family residential real estate are included within Category 1 collateral as 1-4 family mortgage loans. However, Category 1 collateral does not include either home equity loans secured by junior liens, or home equity lines of credit (HELOCs) - whether secured by first liens or junior liens on 1-4 family residential property. These closed-end home equity loans secured by junior liens, and HELOCs secured by first liens or junior liens are included within "Category 5", other real estate-related collateral.

17/ The Bank may determine in its sole discretion to value collateral at book value for collateral purposes. The Bank may also determine the market value of a portfolio of collateral loans by extrapolating the market value of a representative sample of the member's collateral loans pledged, to the member's collateral portfolio.

18/ The Bank defines a subprime loan as a loan to a borower with a FICO score lower than 660, or, in the absence of a FICO score, a loan to a borrower with a weak credit history. Characteristics indicative of a weak credit history include a history of delinquency, bankruptcy, and/or foreclosure and repossession.

19/ The Bank defines loans that allow the borrower to defer payments of principal and/or interest, as non-traditional mortgage loans.

20/ Unrated securities and securities with an issue ratings lower than A from any NRSRO are not eligible as collateral.

Please mail the completed form to:

Attention: Collateral Department
Federal Home Loan Bank of Boston
111 Huntington Avenue, 24th floor
Boston, MA 02199

[1] The applicable thresholds are noted in Truth in Lending - Regulation Z - 12 CFR 226.32.