

**Federal Home Loan Bank of Boston  
Correspondent Services Control Standards for Members**

***Table of Contents***

<b>1. Account Establishment</b> .....	2
<b>2. Password and Access Security</b> .....	2
<b>3. Notices and Instructions</b> .....	3
<b>4. Reconciliation and Balancing</b> .....	3
<b>5. Backup and Emergency Procedures</b> .....	4
<b>6. ACH Processing</b> .....	4
<b>7. Internet Portal Services</b> .....	5
<b>8. Contact Information</b> .....	5

## **Federal Home Loan Bank of Boston Correspondent Services Control Standards for Members**

Federal Housing Finance Agency Regulation 12 CFR 1271.3 authorizes the Federal Home Loan Banks (“FHLBanks”) to engage in, be agents or intermediaries for, or otherwise participate or assist in, the processing, collection, and settlement of checks, drafts, or any other negotiable or nonnegotiable items and instruments of payment drawn on FHLBank members or institutions eligible to become FHLBank members, and be drawees of checks, drafts, and other negotiable and nonnegotiable items and instruments issued by eligible institutions or FHLBank members.

The Federal Home Loan Bank of Boston (the “Bank”) employs commercially reasonable control standards for creating and authenticating payment activities, enters into written agreements with members for correspondent services, and utilizes system(s) owned and/or operated by the Bank for communicating and/or executing instructions.

Members that utilize the Bank’s correspondent and deposit services are expected to adhere to commercially reasonable control standards associated with the communication, execution, and processing of transactions in order to assure the integrity of the transactions affected and processed. It is each member’s responsibility to communicate these procedures to all staff within its organization that have the ability to execute and or affect transactions with the Bank. It is the responsibility of each member to assure adherence to these as well as other control standards that the Bank may prescribe from time to time.

The following is a list of control standards that each member, at minimum, must employ when utilizing the Bank’s correspondent services.

### **1. Account Establishment**

- 1.1. Prior to utilizing the Bank’s services, members are required to execute the Bank’s Correspondent Services Agreement and related delegations of authority that dictate the terms and conditions of access and/or execution of transactions with the Bank.

### **2. Password and Access Security**

- 2.1. All members are responsible for maintaining and keeping current their authorization lists for all designated processes. It is the member’s responsibility to immediately notify the Bank of any staff changes that affect its authorizations on file with the Bank and to assure appropriate safeguarding of user IDs and passwords.
- 2.2. It is also the member’s responsibility to implement its own physical and logical security as well as management controls to appropriately protect the hardware, software, and access used in processing transactions with the Bank. The member is expected to use multilevel authentication that may include one or all of the following: SecurID, UserID, Password. Passwords to systems that interface with the Bank should be changed periodically.

**Federal Home Loan Bank of Boston**  
**Correspondent Services Control Standards for Members**

- 2.3. Sharing of passwords and/or authentication tools is strictly prohibited. It is the member's responsibility to immediately notify the Bank if user IDs and/or passwords and/or access to systems that communicate with the Bank have been compromised.
- 2.4. The member shall periodically assess the adequacy and effectiveness of its control standards in regard to the use of the Bank's correspondent services and associated systems and make such changes in its procedures as are appropriate in response to such assessment.
- 2.5. The Bank reserves the right to deny the member, or any of its users, access to correspondent services if it believes that security has been compromised.

**3. Notices and Instructions**

- 3.1. The Bank generates and provides advice notices for all transactions contracted with members. All advices are available online via the Bank's Internet Portal, Direct+, by the following business day. Physical advices are mailed by the business day following the date on which the transaction was contracted upon request.
- 3.2. The Bank generates statement notices of account activity at least monthly as of the end of each month. All statements are available online via the Bank's Internet Portal, Direct+, by the following business day. Physical statements are mailed by the business day following the date on which the transaction was contracted upon request.
- 3.3. If a member subscribes to the Bank's Internet Portal, Direct+, physical advices and/or statements will not be mailed unless specifically instructed by the member to do so.
- 3.4. The Bank receives instructions from the member via multiple channels that may include phone, facsimile, mail, and the Internet portal. The Bank reserves the right to take additional steps to authenticate any and all transactions communicated by the member via these and any other channel that may be agreed upon between the member and the Bank from time to time.
- 3.5. All notices relating to correspondent services are to be made, as appropriate, to the contact information referenced in Section 8 of this document. If the notice is of an urgent matter, members are to call the Bank's customer service line during published business hours at the telephone number listed.

**4. Reconciliation and Balancing**

- 4.1. Members are responsible for assuring that all advices, confirmations and statements (including security holdings and cash activity statements) are reviewed for accuracy, balanced, and reconciled as appropriate for their internal activity levels. It is optimal for IDEAL Way account balances and transaction activities to be reconciled daily in order to promptly identify and investigate any discrepancies. Monthly statements and

## **Federal Home Loan Bank of Boston**

### **Correspondent Services Control Standards for Members**

special run requests should also be promptly balanced and reconciled by members. Unresolved discrepancies must be reported to the Bank upon identification.

- 4.2. It is highly suggested that members subscribe to the Bank's Internet portal, Direct+, to receive these communications once made available by the Bank. The Bank's alternative means of transmitting this information to the member is the United States Postal Service via first class mail.
- 4.3. Upon identification by the member, disputes, defects and/or unresolved discrepancies must be reported to the Bank Operations department using the contact information included in Section 8 of this document. If reporting occurs outside of Bank business hours or is communicated through channels that do not have direct contact with a Bank Operations employee, the member is responsible for follow-up with the Bank to assure that the Bank is addressing the issue.

#### **5. Backup and Emergency Procedures**

- 5.1. The Bank and its payment application vendors replicate the production applications on a real-time basis to off-site disaster recovery servers. If the Bank's services were unavailable or inoperative due to system or communications failures, the member could expect some delay before the backup site is established. Each member should develop steps to ensure continued operations during these interim periods. These procedures should be documented and tested periodically.
- 5.2. Members are responsible for having their own contingency plan to recover from a disaster that may impair their ability to do business with the Bank.

#### **6. ACH Processing**

- 6.1 In order to minimize credit, operational, legal and regulatory exposure to themselves and/or the Bank, members that engage in ACH and/or other related services shall take prudent measures to assure the creditworthiness, legitimacy, and viability of the originating institution and/or ODFI prior to clearing these business activities with these institutions through the Bank. Without limiting the generality of the foregoing, members that engage in ACH and/or other related services shall comply with all applicable laws, rules and regulations regarding payment processing including, without limitation, Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1073 and all NACHA Operating Rules.

**Federal Home Loan Bank of Boston**  
**Correspondent Services Control Standards for Members**

**7. Internet Portal Services**

- 7.1. Direct+ is the electronic-based information, communication and transaction service that the Bank provides to members through the member-specific portion of the Bank's website accessible through the Internet. Each Direct+ user will be given a separate login identity and password. Users who are authorized to execute certain transactions involving Safekeeping activity will be given a SecurID (token).
- 7.2. It is strongly recommended that the member not provide access to any outside agents with which the member may contract.

**8. Contact Information**

**I. For All Correspondent Services:**

1. **By Telephone\*:** 1-800-358-9709
2. **By E-mail\*:** [customerservice@fhlbboston.com](mailto:customerservice@fhlbboston.com)
3. **By Facsimile\*:** 1-617-261-3304
4. **By courier, overnight delivery service, or U.S. mail\*:** Send the applicable, fully executed form(s) to: Federal Home Loan Bank of Boston, Bank Operations, 800 Boylston Street, 9<sup>th</sup> Floor, Boston, MA 02199.

**II. Internet Portal/ Direct+ Contact Information:**

1. **By Telephone\*:** 800-358-9709
2. **By E-Mail\*:** [customerservice@fhlbboston.com](mailto:customerservice@fhlbboston.com)

\*Messages left through these communication channels do not indicate receipt of notice by the Federal Home Loan Bank of Boston. You must promptly follow-up with us to assure that your request/question is received and being acted upon.