FHLBANK ATLANTA ELIGIBLE MORTGAGE COLLATERAL

The Advances and Security Agreement provides for the pledge of various forms of mortgage loans. Borrowers pledging mortgage collateral must maintain, at all times, possession and/or control of the original legal documents (i.e., note and note modifications). Loans held by a third-party may be considered Eligible Mortgage Collateral provided that the FHLBank Atlanta (Bank) shareholder maintains control over the original legal documents via a document custody and/or servicing or similar agreement and can produce the documents for review by and/or delivery to the Bank or its representatives, at any time. Additionally, any mortgage loan for which some or all of the original legal documents are missing or demonstrate inconsistencies, errors or omissions that could impact the Bank's ability to perfect its security interest in the collateral is considered an exception for purposes of Collateral Verification Reviews. Eligible Mortgage Collateral for each portfolio type is defined below and followed by listings of attributes that would make a loan ineligible.

Residential First Mortgage Collateral	Multifamily Mortgage Collateral	Commercial Mortgage Collateral	HELOC/Second Mortgage Collateral
Fully-disbursed first mortgage loans wholly owned by the Bank's shareholder, secured by improved residential real property on which is located a 1-4 unit single family dwelling, including condominiums, PUDs, town homes and manufactured/mobile homes meeting certain conditions.[1]	Fully-disbursed first and second mortgage loans secured by improved residential multifamily (5 or more units) real estate.	Fully-disbursed first and second mortgage loans secured by improved office, retail, hotel/motel, industrial and special purpose properties that are not on the ineligible special purpose property list.	Home equity lines of credit and second mortgages secured by improved residential real property on which is located a 1-4 unit single family dwelling, including condominiums, PUDs, town homes and manufactured/mobile homes meeting certain conditions.[1]
Ineligible loans: • Loans held for sale • Loans more than 30 days delinquent • Loans classified as substandard, doubtful or loss • Loans where directors, officers, employees, attorneys or agents of the Bank, or its shareholders, or its affiliates have personal liability for the loans • Loans pledged to secure borrowings with other lending institutions • Participation Loans • Loan documents not under the control of the Bank's shareholder • Construction Loans and/or Lines of Credit (i.e., not fully disbursed)[2] • Loans with document deficiencies[3] • Loans without original signed notes or note modifications[8] • Loans secured by less than a first lien (or missing post-closing evidence of first lien position) • Loans with a current loan-to-value exceeding 130% of the most recent real estate valuation[5] • Loans missing a signed borrowing resolution if the borrower is a corporation, partnership, LLC, etc. • Loans on certain leasehold interests[6] • Loans that are cross-collateralized with other loans not pledged to the Bank	**Ineligible loans:** • Loans held for sale • Loans more than 30 days delinquent • Loans classified as substandard, doubtful or loss • Loans where directors, officers, employees, attorneys or agents of the Bank or its shareholders and/or its affiliates have personal liability • Loans pledged to secure borrowings with other lending institutions • Purchased participation loans • Minority interest in participated loans[4] • Loan documents not under the control of the Bank's shareholder • Construction Loans and/or Lines of Credit[2] • Loans with document deficiencies[3] • Loans without original signed notes or note modifications[8] • Loans secured by less than a second lien (or missing post-closing evidence of lien position)[11] • Loans with a combined loan-to-value ratio greater than 85% (including 1st and 2nd lien positions if eligible 2nds are reported) of the most recent real estate valuation[5, 11]	**Ineligible loans:** • Loans held for sale • Loans more than 30 days delinquent • Loans classified as substandard, doubtful or loss • Loans where directors, officers, employees, attorneys or agents of the Bank or its shareholders and/or its affiliates have personal liability • Loans pledged to secure borrowings with other lending institutions • Loan documents not under the control of the Bank's shareholder • Purchased participation loans • Minority interest in participated loans[4] • Construction Loans and/or Lines of Credit[2] • Loans with document deficiencies[3] • Loans without original signed notes or note modifications[8] • Loans secured by ineligible Special Purpose Properties - Refer to the Expansion of CRE document • Church/Synagogue/House of Worship with a current loan-to-value greater than 50% • Stand-alone restaurant that is not ranked in the top 10 based on total revenue or units operated • Loans secured by less than a second lien (or missing post-closing evidence of lien position)[11] • Loans with a combined loan-to-value ratio greater than 85% (including 1st and 2nd lien positions if eligible 2nds are reported) of the most recent real estate valuation[5, 11]	**Ineligible loans:** • Loans held for sale • Loans more than 30 days delinquent • Loans classified as substandard, doubtful or loss • Loans where directors, officers, employees, attorneys or agents of the Bank or its shareholders and/or its affiliates have personal liability • Loans pledged to secure borrowings with other lending institutions • Participation Loans • Loan documents not under the control of the Bank's shareholder • Loans with document deficiencies[3] • Loans without original signed notes or note modifications[8] • Loans secured by less than a second lien[12] • Loans to a borrower that is not an individual or individuals • Loans with a combined loan-to-value[7] greater than 100% (including 1st and 2nd lien positions) of the most recent real estate valuation • Loans on certain leasehold interests[6] • Loans that are cross-collateralized with other loans not pledged to FHLBank Atlanta • Loans that do not have the Standard Flood Hazard Determination Form and/or do not meet Bank minimum flood insurance requirements[9] • Loans that do not conform to the Bank's Guidelines to Promote Responsible Lending (see Collateral Frequently Asked Eligibility Questions document)

Residential First Mortgage Collateral	Multifamily Mortgage Collateral	Commercial Mortgage Collateral	HELOC/Second Mortgage Collateral
• Loans that do not conform to the Bank's Guidelines to Promote Responsible Lending (see Collateral Frequently Asked Eligibility Questions document) • Loans that do not have the Standard Flood Hazard Determination Form and/or do not meet Bank minimum flood insurance requirements[9] • Subprime and nontraditional loans originated on or after 7/10/2007 that do not have documentation to support adequate mitigating factors. • Loans with PACE liens • Loans with unrecorded mortgages or mortgage modifications greater than 12 months from origination • Loans with a Power of Attorney not recorded as required by applicable state law • Loans secured by manufactured housing missing documentation evidencing conversion from personal to real property • Loans secured by a security instrument containing private transfer fee covenants[13] • Loans relying on the value of a 1-4 unit home and acreage > 15 acres in order to meet FHLBank's loan-to-value requirements (or missing comps for acreage > 5 acres and ≤ 15 acres).	• Loans missing a signed borrowing resolution if the borrower is a corporation, partnership, LLC, etc. • Loans guaranteed by any entity that does not give the Bank control over the collateral in the event of default (SBA, USDA, etc.)[10] • Loans on certain leasehold interests[6] • Loans that are cross-collateralized with other loans not pledged to FHLBank Atlanta • Loans that do not have the Standard Flood Hazard Determination Form and/or do not meet Bank minimum flood insurance requirements[9] • Loans with unrecorded mortgages or mortgage modifications greater than 12 months from origination • Loans with a Power of Attorney not recorded as required by applicable state law • Loans with PACE liens • Loans secured by a security instrument containing private transfer fee covenants[13]	• Loans missing a signed borrowers' resolution if the borrower is a corporation, partnership, LLC, etc. • Loans guaranteed by any entity that does not give the Bank control over the collateral in the event of default (SBA, USDA, etc.)[10] • Loans on certain leasehold interests[6] • Loans that are cross-collateralized with other loans not pledged to the Bank • Loans that do not have the Standard Flood Hazard Determination Form and/or do not meet Bank minimum flood insurance requirements[9] • Loans with unrecorded mortgages or mortgage modifications greater than 12 months from origination • Loans with a Power of Attorney not recorded as required by applicable state law • Loans with PACE liens • Loans secured by a security instrument containing private transfer fee covenants[13]	• Subprime loans originated on or after 7/10/2007 that do not have documentation to support adequate mitigating factors. • Loans with PACE liens • Loans with unrecorded mortgages or mortgage modifications greater than 12 months from origination • Loans with a Power of Attorney not recorded as required by applicable state law • Loans secured by manufactured housing missing documentation evidencing conversion from personal to real property[1] • Loans secured by a security instrument containing private transfer fee covenants[13] • Loans relying on the value of a 1-4 unit home and acreage > 15 acres in order to meet FHLBank's loan-to-value requirements (or missing comps for acreage > 5 acres and ≤ 15 acres).

1. Manufactured/mobile home loans must be single-family dwellings and have documentation evidencing a conversion from personal property to real property under applicable state law. Refer to the "Requirements for Manufactured Housing" document.

2. Construction loans that have converted to permanent financing are eligible collateral. Lines of credit are not accepted as eligible collateral in the residential, commercial or multifamily portfolios.

3. Any mortgage loan for which some or all of the legal documents are missing or demonstrate inconsistencies, errors or omissions that could impact the credit quality of the collateral or the Federal Home Loan Bank's ability to perfect its security interest in the collateral may not be included in the pool of qualifying mortgage collateral.

4. Whole loans in which the member or affiliate owns less than a 51% undivided interest are ineligible. Shareholders reporting participations must be the lead lender, own at least 51% and have legal control over the loan documents. Participations may be reported only in the commercial and multifamily portfolios.

5. For loans seasoned 12 months or more, current loan-to-value should be based on the current unpaid principal balance and the most recent valuation of the eligible real estate. If the loan resulted from a purchase money transaction, the lower of purchase price or appraised value (or other valuation document) should be used within 12 months of origination. The Bank has expanded the eligibility of residential 1-4 loans (not HELOCs) to include loans with loan-to-value ratios up to 130% if (1) the residential loan had a loan to value ratio of 100% or less at origination and (2) has a current loan-to-value ratio of 130% or less based on the most recent valuation of the property.

6. Loans on leasehold interests are ineligible if the ground lease is not subordinate to the mortgage and/or the remaining lease term is less than the loan term. Ground leases with very long lease terms, such as 99 years, which are granted by utility companies or U.S. Army Corps of Engineers, are typically considered to be eligible without subordination to the mortgage. (See discussion of ground leases and leasehold interests for Maryland in the Frequently Asked Eligibility Questions document.)

7. In the case of a line of credit (HELOC only), the loan amount used in the LTV calculation should be the total (maximum) amount of the HELOC line plus the unpaid principal balance of any other mortgage lien on the property. The value amount used in this calculation should be the most recent real estate value available.

8. The original ink-signed note from the origination date and the original of the most recent note modification are required for the loan to be reported as eligible collateral. Intervening note modifications for a particular loan may be copies if the original of the most recent modification references the original note. The Bank does not accept copies of original notes or notes with electronic signatures.

9. Loans with improvements **residing within** a Special Flood Hazard area, as designated by the Federal Emergency Management Agency, must maintain flood hazard coverage of the lesser of the current unpaid principal balance of the loan (unpaid principal balance of the first mortgage plus the total line amount of a second lien HELOC or the unpaid principal balance of a closed end second mortgage), the replacement value of improvements, or $250,000 ($500,000 for multifamily and commercial real estate). If eligible first and second mortgages are reported in the Commercial or Multifamily portfolio, the current unpaid principal balance of both the first and the second must be used for the "lesser of" test described above.

10. Loans under Section 504 of the Small Business Investment Act are eligible (non guaranteed portion only).

11. The Commercial Real Estate and Multifamily portfolios may include second mortgages under limited circumstances. Shareholders must execute a short addendum to their Advances Agreement to place a FHLBank lien on the seconds before they can be reported. FHLBank will accept Commercial and Multifamily seconds as eligible collateral if they meet the following criteria:

    - The first and second lien holders must be the same entity.
    - The borrower on the first and the second loans must be exactly the same.
    - The collateral on the first and the second loans must be exactly the same.
    - The first and second loans may not exceed 85% loan-to-value when the unpaid principal balances of the two loans are combined.
    - In order for the second lien loan to be eligible collateral, the first lien loan must be eligible. For example, the 1st position loan cannot be a line of credit. Additionally, the first mortgage file must be provided to FHLBank for review during a CVR if the second is selected as part of the sample.
    - The second position loan must meet all other eligibility criteria for loans pledged in the Commercial or Multifamily Portfolio. (For example, the second cannot be a line of credit and must have post closing lien verification.)

12. FHLBank Atlanta no longer accepts lien protection insurance policies or service agreements in lieu of lien position verification. Post-closing lien verification is required for commitments of $250,000 or greater for both HELOCs and 2nd Mortgages. Post closing lien verification obtained after the "as of" date may not be used to cure eligibility exceptions for commitments $250,000 or greater. For additional information, please see the Lien Position Verification section of the Collateral Services Frequently Asked Eligibility Questions document.

13. FHLBank Atlanta does not accept mortgages, or securities backed by mortgages, that contain private transfer fee covenants unless the covenants are "excepted transfer fee covenants". This requirement applies only to mortgages with private transfer fee covenants that were created on or after February 8, 2011. For additional information on private transfer fee covenants, please see the last page of the Lien Position Verification discussion in the Collateral Services Frequently Asked Eligibility Questions document.