Floating-to-Fixed Advance with Straight Line Amortization

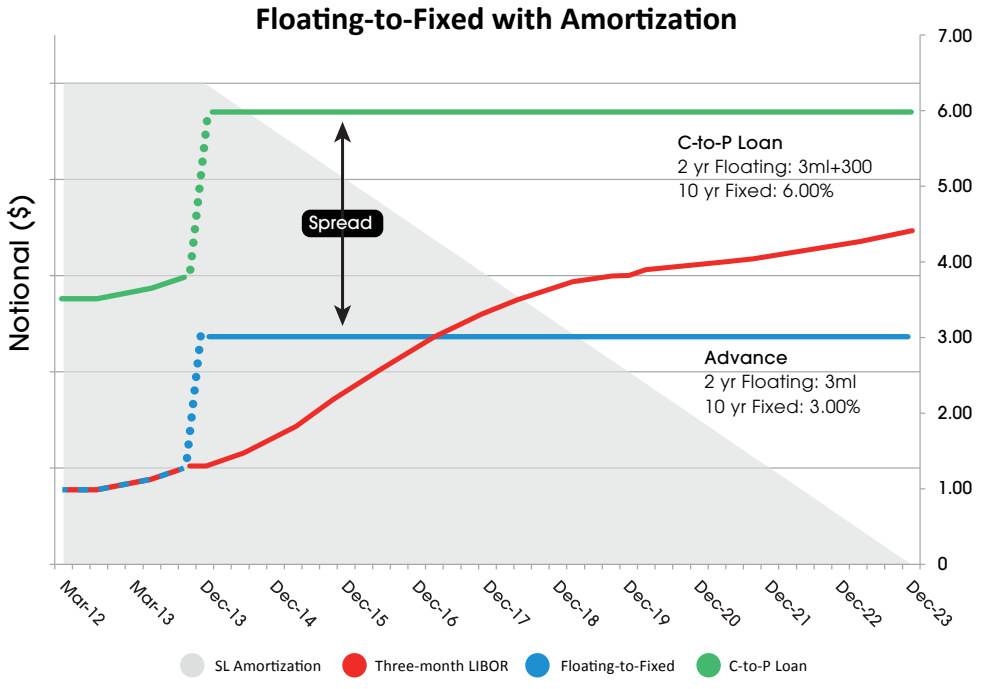
The Floating-to-Fixed Advance is structured to initially float at a spread to three-month LIBOR for a defined period, then set to a fixed rate for the remaining term. The interest rate changes from floating to fixed automatically at a predetermined time during the advance's term; it is not an option to change from floating to fixed. The advance can include features such as caps and floors, an early cancellation option, and amortization schedules.

An amortizing Floating-to-Fixed Advance can be used to hedge a construction-to-permanent loan. The advance locks in long-term funding in today's rate environment, but allows you to tailor the payments on the advance to closer mimic those of the two separate periods of the construction-to-permanent loan. The example below shows a 12-year Floating-to-Fixed Advance that floats for the first two years at three-month LIBOR, then is fixed for 10 years at 3.00%. The final portion of the advance is fully amortizing based on a straight line schedule.

Additionally, the Floating-to-Fixed Advance can incorporate an early cancellation option. Adding this feature would give you the ability to cancel the advance on a certain date should the borrower choose different terms on the permanent loan.

Benefits:

- Customizable floating and fixed rate periods
- Ability to set low-cost funding during construction period
- Customizable amortization schedule to match the loan after completion of the project
- Option to include the right to cancel early for greater flexibility on the permanent loan



FHLBank ATLANTA
A FEDERAL HOME LOAN BANK

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The advance's reduction schedule can be set for monthly, quarterly, semi-annual, or annual basis. The Bank can also match any custom reduction schedule. The amortization can be set at straight line or mortgage style.

Terms:

- **Maturity:**
  - **Initial floating period:** three months or more on one-month LIBOR; six months or more on three-month LIBOR
  - **Final maturity:** up to 30 years
- **Funding:** Funding is generally available two Bank business days after the pricing date.
- **Pricing:** Minimum advance amount is generally $1 million. Same-day pricing generally requires a minimum of $5 million. The shareholder can determine the spread to LIBOR for the floating rate portion of the advance term or the fixed interest rate for the final portion of the advance term. The shareholder also determines the date during the advance term at which the interest rate changes from floating to fixed.
- **Prepayment Fee:** Prepayment fee generally is equal to the Bank's cost of unwinding the transaction.
- **Interest:** Interest is calculated on an actual/360 day basis. Interest is payable monthly or quarterly.

For rates and additional information, call the Funding Desk at 1.800.536.9650, extension 8011.

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