

1) ONCE THE MEMBERSHIP APPLICATION IS SUBMITTED, HOW LONG IS THE PROCESS TO ATTAIN MEMBERSHIP APPROVAL?

The applicant will be contacted once all requisite documents for processing the application are received. Processing the membership application may take up to 60 days. Once approved, the applicant has up to 60 days to purchase the membership capital stock (B 1) to effect the membership.

2) WOULD FHLBANK ATLANTA PREFER GAAP OR STATUTORY ACCOUNTING FINANCIALS?

GAAP financials are preferred, however, FHLBank Atlanta will accept statutory accounting financials for the operating entity. Parent/holding companies should provide GAAP financials.

3) HOW DOES AN APPLICANT DEMONSTRATE A COMMITMENT TO HOUSING?

All applicants must show a commitment to housing. Please provide a description of a home financing policy that is consistent with the FHLBank System's housing finance mission. Such a statement should describe the ownership of mortgage loans (including mortgage-backed securities) and other areas that support housing, such as insurance or charitable initiatives related to housing or community development.

4) WHAT PERCENTAGE OF AN APPLICANT'S BALANCE SHEET NEEDS TO BE IN MORTGAGE-RELATED ASSETS?

Membership eligibility regulations state that an institution must either purchase or originate "residential long-term home mortgage loans." Also, the applicant must have a minimum of at least one percent of total net admitted assets, or \$25 million, in long-term mortgage loans or mortgage-backed securities. *(Please provide listing of mortgage-backed securities as defined below.)*

"Residential long-term home mortgage loans" are defined as home mortgage loans with a maturity of five (5) years or more.

Types of residential mortgage loans are as follows:

- a) Home mortgage loans
- b) Funded residential construction
- c) Loans secured by manufactured housing, whether or not defined by state law as secured by an interest in real property
- d) Loans secured by junior liens on one-to-four family property or multifamily property

"Home mortgage loans" means a loan, whether or not fully amortizing, or an interest in such a loan, which is secured by a mortgage, deed of trust, or other security agreement that creates a first lien on one of the following interests in property:

- (i) one-to-four family property or multifamily property, in fee simple;
- (ii) a leasehold on one-to-four family property or multifamily property under a lease of not less than 99 years that is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage was executed; or
- (iii) combination business or farm property where at least 50 percent of the total appraised value of the combined property is attributable to the residential portion of the property, where the residence constitutes an integral part of the property

Mortgage-backed securities representing an undivided ownership interest in the following:

- (i) loans that meet the requirements of the definition of "residential mortgage loans" at the time of issuance of the security;
- (ii) securities representing an undivided ownership interest in loans, provided that, at the time of issuance of the security, all of the loans meet the requirements of the definition of "residential mortgage loans" above; or

- (iii) mortgage debt securities secured by (x) loans, provided that, at the time of issuance of the security, substantially all of the loans meet the requirements of the definition of “residential mortgage loans” above;
- (iv) mortgage-backed securities, as defined above; or securities secured by assets, provided that, at the time of issuance of the security, all of the assets meet the requirements of the definitions of “residential mortgage loans” or “mortgage pass-through securities” above.

5) OUR STATE OF INCORPORATION IS OUTSIDE FHLBANK ATLANTA’S FOOTPRINT (AL, DC, FL, GA, MD, NC, SC, VA). CAN WE STILL BECOME AN FHLBANK ATLANTA MEMBER?

The Federal Housing Finance Agency’s membership eligibility regulations provide that an applicant is only eligible to become a member of the FHLBank of the district in which the applicant’s principal place of business is located. Principal place business is defined in the regulation as the state in which the applicant maintains its home office. Generally, the home office is in the same state where the applicant is incorporated.

The regulations also allow for an alternative in which the applicant may request in writing to the FHLBank district where the institution maintains its home office that another state be designated as its principal place of business (e.g. a state in the FHLBank Atlanta district). In order for another state to be designated the principal place of business, all of the following criteria must be satisfied and continue to be true throughout the applicant’s term of membership:

- (i) At least 80 percent of the institution's accounting books, records, and ledgers are maintained, located or held in the designated state;
- (ii) A majority of meetings of the institution's board of directors and constituent committees are conducted in the designated state; and
- (iii) A majority of the institution's five highest paid officers have their place of employment located in such designated state.

Within 90 calendar days of receipt of such written request, the board of directors of the FHLBank in the district where the institution maintains its home office shall designate such other state as the institution's principal place of business, and the applicant may pursue membership with FHLBank Atlanta.

6) HOW SHOULD WE ACCOUNT FOR THE STOCK PURCHASE?

Generally, FHLBank Atlanta capital stock is considered to be common stock for reporting purposes and further delineated in the notes to the financial statements. Furthermore, dependent upon the type of insurance company, FHLBank Atlanta capital stock may be considered in “off balance sheet and other items” under the general interrogatories for risk based capital purposes. Please consult with your own accounting advisors to determine the appropriate treatment of FHLBank Atlanta capital stock for your institution.

7) ARE CAPTIVE INSURANCE COMPANIES ELIGIBLE FOR MEMBERSHIP?

No, captive insurance companies are not eligible for membership. Pursuant to regulations promulgated by the Bank’s primary federal regulator, the Federal Housing Finance Agency, the applicant’s primary business must be the underwriting of insurance for persons or entities that are not affiliates of the applicant.



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