COVID-19 Collateral Relief Program

Effective March 1, 2020
(Revised April 19, 2021)

In response to the coronavirus (COVID-19) pandemic, FHLBank Atlanta has implemented a temporary collateral relief program covering various aspects of loan collateral eligibility and reporting. The relief provisions are effective for loan collateral as of March 1, 2020 and apply to all loan portfolios with the exception of loans reported in the Residential Available for Sale program.

The Bank recently extended the cessation date of the collateral relief provisions described below until **July 31, 2021**. The Bank may refine provisions of the collateral relief program over time.

Shareholders should request approval to participate in the collateral relief program by contacting their collateral relationship specialist at **1.800.536.9650.**

Loans with Forbearance Agreements

Loan collateral under a forbearance agreement will be eligible, assuming the following requirements are met:

- Shareholders must request approval to report loans under a forbearance agreement in conjunction with COVID-19.
- The original, wet ink paper note is in the shareholder's possession or the shareholder maintains control via a document custody or servicing agreement and can deliver the original note for review.
- In order to be eligible for reporting, shareholders must have provided, at a minimum, written notification to the borrower of the forbearance status of the loan at the time forbearance was granted. A forbearance agreement executed by the borrower must exist prior to the end of the forbearance period, with the following exceptions:
    - The borrower resolves the deferred payments in a lump sum at the conclusion of the forbearance period.
    - The initial forbearance notification or a subsequent notification delivered to the borrower, prior to the end of the forbearance period, details the approved repayment option requested by the borrower, including the terms of the repayment (e.g., six or 12-month repayment plan, or extension of maturity [when automatically permitted by the note or loan agreement], etc.)
    - If a loan modification follows the forbearance period, the loan modification agreement executed by the borrower resolves the requirement for a forbearance agreement executed by the borrower.
- The loan forbearance agreement may be executed via electronic or imaged signature but cannot replace the original note.

- Loan forbearance agreements executed by electronic signature, or wet signed and then scanned or imaged, would be subject to the same requirements detailed below for loan modifications that are electronically signed.
- Loans exceeding 30 days past due at the time forbearance was granted due to the pandemic are acceptable, provided that the loans cannot have exceeded 30 days past due as of March 1, 2020.
- Payments deferred during the loan forbearance period must be resolved at the end of the forbearance period through payment, extension of the loan, or capitalization.
- Loan forbearance agreements may provide forbearance from repayment terms for up to 12 months.
- Loan forbearance agreements that extend beyond the cessation date of the collateral relief program are acceptable, provided the agreements were executed prior to the cessation date of the program.
- Loan payment deferral agreements offered in lieu of loan forbearance are eligible, subject to the same conditions and provided, at a minimum, written notification has been made to the borrower of the specific payment deferral conditions of the loan, including the deferred payment period and repayment requirements.
    - For example, a three-month deferment of principal and interest beginning on a specified date with the three deferred payments to be repaid at the end of the loan term with an accompanying three-month extension of the loan maturity.
- Loan payment deferral agreements that modify other terms or conditions of the loan will be considered loan modifications and will be subject to the eligibility requirements noted below for loan modifications.
- All other loan collateral eligibility requirements remain in effect, including, but not limited to, the Guidelines to Promote Responsible Lending.

Shareholders required to deliver loan files due to credit score must have a forbearance agreement executed by the borrower, and loan payment deferral agreements offered in lieu of loan forbearance must also be executed by the borrower in order for the loans to be eligible.

Loan Modifications

The Bank will accept loans that have modifications executed via electronic signatures and have loan modification documents that are wet signed and then scanned or imaged. The following requirements apply:

- Shareholders must request approval to report loans with modifications executed via electronic or imaged signatures in conjunction with COVID-19.
- The original, wet ink paper note is in the shareholder's possession or the shareholder maintains control via a document custody or servicing agreement and can deliver the original note for review.
- The loan modification is an amendment to the paper note and is not a restatement of the note that purports to replace the paper note (i.e., it is not being converted into an eNote or being replaced by a scanned or imaged note modification).

- If the modification requires an amendment to the mortgage as well as the note, the shareholder must comply with all recording requirements for the jurisdiction in which the property is located and the original mortgage is recorded. The Bank will accept E-Notarization or remote online notarization if the subject state has enacted laws or regulations allowing for the same, and the applicable county recording office accepts them. The Bank does not maintain a list of county recording offices that accept E-Notarization or remote online notarization. Shareholders are asked to consult their legal and operations subject matter experts.
- When the relief program ends, modifications executed in this manner during the program timeframe will remain eligible.
- All other loan collateral eligibility requirements remain in effect, including, but not limited to, the Guidelines to Promote Responsible Lending.

Lien Subordination for Small Business Administration Paycheck Protection Program Loans (Effective April 17, 2020)

The Coronavirus Aid, Relief, and Economic Security Act created a new Small Business Administration (SBA) lending program called the Paycheck Protection Program (PPP) that provides a direct incentive for small businesses to keep workers on their payroll. To support shareholders' business needs and provide flexibility during this challenging time, the Bank is providing a blanket subordination to the Federal Reserve Banks of Atlanta and Richmond of its lien on all SBA PPP loans that shareholder institutions originate that are pledged to the respective Federal Reserve Bank. This subordination will allow shareholders to pledge PPP loans to the Federal Reserve Bank as collateral for borrowing.

The subordination is effective for all shareholders without any actions on their part. Shareholders do not need to notify the Bank of their intent to pledge these loans to the Federal Reserve Bank.

Small Business Administration Paycheck Protection Program Loans Information on Eligibility of Loans as Collateral at FHLBank Atlanta

At this time, FHLBank Atlanta is not accepting Paycheck Protection Program (PPP) loans as collateral.

On April 23, 2020, the Federal Housing Finance Agency (FHFA), the regulator of the FHLBanks, issued a Supervisory Letter announcing that the FHLBanks can accept Small Business Administration PPP loans as collateral from shareholders.

- While the FHFA has established certain requirements and conditions for PPP loans, acceptance of PPP loans as collateral is at the discretion of each individual FHLBank.
- At this time, FHLBank Atlanta is not accepting PPP loans as collateral.
- FHFA requirements related to acceptance of PPP loans may result in less value for the collateral than shareholders can obtain at the Federal Reserve Bank. For example, the FHFA

has required a minimum haircut of 10 percent of the unpaid principal balance of PPP loans if pledged to an FHLBank. Currently, the Federal Reserve Bank is accepting PPP loans as collateral at 100 percent of value.

- FHLBank Atlanta will continue to analyze acceptance of PPP loans as collateral based on the requirements established by the FHFA and the potential advantages of shareholders pledging these loans to the Bank versus the Federal Reserve Bank.

Natural Disaster Relief

The Bank also provides relief for loans impacted by natural disasters. Under the Bank's Natural Disaster Relief policy, loans under forbearance and loans that have been granted payment deferrals due to applicable hurricanes and wildfires that occurred in 2020 are eligible as collateral. Loans must meet specific requirements for forbearance and/or payment deferral agreements established by the Bank, as well as all other loan eligibility requirements set forth in the Bank's Credit and Collateral Policy.

Loan forbearance and/or payment deferral agreement requirements for the Natural Disaster Relief policy are generally the same requirements as those stated in the COVID-19 Collateral Relief Program. View more information on the Natural Disaster Relief policy.