

MEMBER PRODUCTS AND SERVICES GUIDE

EFFECTIVE SEPTEMBER 16, 2020

Table of Contents

Introduction.....	3
ADVANCES.....	5
Daily Rate Credit.....	5
Adjustable Rate Credit.....	6
Prime-based.....	7
Fixed Rate Credit.....	8
Principal Reducing Credit.....	9
Convertible.....	11
Convertible Flipper.....	12
Floating-to-Fixed.....	14
Convertible Knockout.....	15
Expander.....	16
Reducer.....	17
Callable.....	18
Callable Adjustable Rate Credit.....	19
Forward Starting Advance.....	21
OTHER PRODUCTS AND SERVICES.....	23
Interest Rate Swap.....	23
Stand-alone Interest Rate Cap or Floor.....	25
Letters of Credit.....	27
Federal Funds and Bank Deposit Transactions.....	29
CASH MANAGEMENT SERVICES.....	31
Daily Investment Account.....	31
Securities Safekeeping Services.....	32
Wire Transfer Services.....	33
FHLBAccess®.....	34
COMMUNITY INVESTMENT SERVICES.....	35
Affordable Housing Program.....	35
AHP Competitive.....	37
First-time Homebuyer Product.....	38
Community Partners Product.....	39
Foreclosure Recovery Product.....	40
Veterans and Returning Veterans Purchase Products.....	41
Community Rebuild and Restore Product.....	42
Community Heroes Initiative.....	43
Community Investment Program.....	44
Economic Development Program.....	46
CREDIT AND COLLATERAL POLICY.....	48
Credit Policies.....	49
Collateral Policies.....	54
APPENDIX A – Defined Terms.....	69
APPENDIX B – Prepayment Policy.....	75

APPENDIX C – Lendable Collateral Values for Insured Depository Institutions 79

APPENDIX D – Lendable Collateral Values for Non-Insured Non-Depository Institution Members . 84

APPENDIX E – Guidelines to Promote Responsible Lending..... 91

APPENDIX F – Guidelines for Subprime and Nontraditional Loans 93

APPENDIX G – Special Purpose Properties 96

APPENDIX H – Correspondent Banking Policies 99

Introduction

Federal Home Loan Bank of Atlanta (Bank) serves as a reliable source of attractively priced funding to finance residential mortgages, commercial real estate, small business loans, community development programs, and other lending activity.

From advances to community economic development funding and cash management services, the Bank offers resources that help member financial institutions remain competitive and flexible in today's challenging marketplace.

The Member Products and Services Guide (Guide) provides members with a comprehensive resource describing our products, services, and programs as well as the policies and procedures governing them. The guide has two main sections that encompass an overview of the Bank's products and services, followed by a detailed explanation of the Bank's credit and collateral policy. An Appendix section also provides members with a simple way to find the Bank's:

- Prepayment Policy on Advances
- Lendable Collateral Value for Qualifying Collateral
- Guidelines to Promote Responsible Lending
- Guidelines for Subprime and Nontraditional Loans
- List of Special Purpose Properties that may not qualify as collateral
- Correspondent Banking Policies

Products and services referenced herein may not be available to all members at all times or may be subject to certain restrictions based on member type, member financial condition, applicable law, or market conditions. The products and services referenced in the Advances, Other Products and Services, and Cash Management Services of this Guide are also available to housing associates. References to "members" in those sections include housing associates, unless the context indicates otherwise.

Products and Services

Important Notice about Products:

Many of the Bank's products reference the London InterBank Offered Rate (LIBOR). In July 2017, the head of the regulator of LIBOR, the United Kingdom's Financial Conduct Authority (FCA), announced that after 2021, the FCA would no longer persuade or compel the panel banks submitting LIBOR quotations each day to continue doing so. This raises a substantial concern that, after 2021, LIBOR will no longer be published, available, or reliable. For the Bank's policy on adjustments to interest rate indices, including LIBOR, under such circumstances, please see page 65 of this Guide in the Bank's Credit and Collateral Policy.

As previously communicated to members, the Federal Housing Finance Agency (FHFA), which regulates the Banks, has directed the Federal Home Loan Banks (FHLBanks) to cease entering into, by June 30, 2020, new LIBOR referenced instruments with maturities beyond December 31, 2021. This change will impact certain of the Bank's products with a LIBOR component, such as Adjustable Rate Credit advances, Convertible advances, and Floating-to-Fixed advances. The FHFA has also directed the FHLBanks to update their pledged collateral certification reporting requirements by September 30, 2020 in an effort to encourage members to distinguish LIBOR-linked collateral maturing past December 31, 2021.

ADVANCES

Daily Rate Credit

The Daily Rate Credit (DRC) advance provides immediate access to overnight or short-term funding. Ideal for managing daily liquidity, this advance has no minimum required trade amount or prepayment fee and can be accessed or repaid online through the Bank's members-only website, FHLBAccess®.

Common Uses

- Provide liquidity
- Manage daily funding needs with flexible payments

Maturity

- Generally offered under an uncommitted line maturing once every 12 months
- If balance is held at maturity, member has the option to renew or repay the advance

Pricing

- Interest rate generally is set by 4:00 p.m. ET on each Bank business day
- Interest rate reflects the overnight funds market, so requests received at different times during a volatile day may be charged different rates of interest

Funding

- Generally same day funding is available if the request is received by 3:00 p.m. ET on any Bank business day
- No minimum amount required

Interest

- Interest is calculated on an actual/360 day basis, payable monthly on the first business day of the month and at maturity

Prepayment

- Prepayment without fee is allowed, provided the Bank receives notice by 3:00 p.m. ET on such Bank business day
- See Appendix B for more details on applicable prepayment fees
- Interest is payable on the first business day of the month following the prepayment

Adjustable Rate Credit

The Adjustable Rate Credit (ARC) advance provides intermediate- and long-term funding at a variable rate, generally tied to the Secured Overnight Financing Rate (SOFR) or an alternative interest rate index. The interest rate resets at periodic intervals, so pricing adjusts automatically to changing market conditions. Often used to manage interest-rate risk, the ARC advance is structured to fund adjustable-rate loans, lines of credit, or investments. It also may reduce the repricing and basis risk associated with certain transactions.

Effective June 30, 2020, LIBOR-indexed ARC advances will only be offered for maturities that do not exceed December 31, 2021.

Common Uses

- Fund adjustable-rate loans
- Manage interest-rate risk

Maturity

- Minimum maturity of three to six months (depending on index)
- Generally maturities of up to 10 years

Pricing

- Interest rate resets at specific intervals and is expressed as a spread to an index
- With SOFR, the member will have daily rate resets with monthly or quarterly pay
- When LIBOR is used as the index, the member may choose one-month LIBOR (resets monthly) or three-month LIBOR (resets quarterly)

Funding

- Generally same day funding is available

Interest

- Interest is calculated on an actual/360 day basis, payable monthly or quarterly, depending on the index

Prepayment

- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the ARC advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Prime-based

The Prime-based advance allows members access to intermediate and long-term funding at a variable rate tied to the Prime rate. The rate on this advance adjusts at a spread typically below the Prime rate.

Common Uses

- Fund adjustable-rate loans
- Manage interest-rate risk

Maturity

- A minimum maturity of six months
- Generally maturities of up to 10 years

Pricing

- The minimum requirement for same day funding is \$5 million
- Interest rate is expressed as a spread to the Prime rate

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- For a Prime-based advance with an effective date prior to February 7, 2011, interest is calculated on an actual/360 day basis, payable on the first business day of the month
- For a Prime-based advance with an effective date on or after February 7, 2011, interest is calculated on an actual/360 day basis, payable quarterly based on the maturity date

Prepayment

- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Prime-based advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, call the Funding Desk.

Fixed Rate Credit

The Fixed Rate Credit (FRC) advance offers borrowers the stability of fixed-rate funds for terms of up to 20 years. For advances with terms of 12 months or greater and notional amounts of \$1 million or more, members have the added flexibility of symmetrical prepayment options and the ability to add interest rate caps or floors in certain circumstances. The cost of the caps or floors will be added to the advance rate.

Common Uses

- Fund fixed-rate loans and securities
- Manage interest-rate risk
- Supplement retail deposits

Maturity

- Maturities generally range from one month to 20 years

Pricing

- Interest rate is fixed on or before the funding date

Funding

- Generally same day funding is available for advances with terms of less than 12 months or notional amounts of less than \$1 million
- Funding generally is available two Bank business days after the pricing date for advances with terms of 12 months or greater and notional amounts of \$1 million or more

Interest

- Interest is calculated on an actual/360 day basis
- For an FRC advance with an effective date prior to February 7, 2011, interest is payable monthly on the first business day of the month and at maturity
- For an FRC advance with an effective date on or after February 7, 2011, interest is payable monthly or quarterly on the date of maturity

Prepayment

- For advances with terms of less than 12 months or notional amounts of less than \$1 million, the prepayment fee generally is equal to the present value of the daily lost cash flow to the Bank
- For advances with terms of 12 months or greater and notional amounts of \$1 million or more, the prepayment fee generally is equal to the Bank's cost of unwinding the transaction plus an administrative fee
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the FRC advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, call the Funding Desk

Principal Reducing Credit

The Principal Reducing Credit (PRC) advance is an amortizing advance that provides fixed-rate funds to the final maturity. The PRC advance applies predetermined principal reductions on specific dates. These reductions allow members to match fund loans and investments that have periodic principal repayments and to fund mortgage loans and the purchase of mortgage-backed securities. The reduction schedule is predetermined by the borrower and may be scheduled on a monthly, quarterly, semi-annual, or annual basis. The Bank can also match any custom reduction schedule. Amortization options include equal payments or structures similar to a mortgage. Other available structures for the PRC advance include interest only and balloons.

Common Uses

- Match fund loans or pools of loans as well as investments that have periodic repayments of principal

Maturity

- Generally maturities of up to 20 years, with amortization based on periods of up to 30 years
- Longer maturities are subject to available funding

Pricing

- Interest rate is fixed on or before the funding date at the weighted average rate for a Fixed Rate Credit advance maturing on the same scheduled principal reducing dates
- The Bank reserves the right to assess a \$250 fee in connection with the consolidation of multiple PRC advances into a single PRC advance. This fee will apply to each advance that is consolidated.

Reductions

- Reductions are available on a monthly, quarterly, semi-annual, or annual basis
- Reductions generally are prorated over the remaining number of principal reductions from the initial reduction to the final maturity, unless otherwise specified
- Reductions generally are applied on the same day of the month as the funding date
- Advances with monthly reductions may incur a \$200 fee

Funding

- Generally same day funding is available for advances with terms of less than 12 months or notional amounts of less than \$1 million
- Funding generally is available two Bank business days after the pricing date for advances with terms of 12 months or greater and notional amounts of \$1 million or more

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Principal Reducing Credit - *Continued from previous page***Interest**

- Interest is calculated on an actual/360 day basis
- For a PRC advance with an effective date prior to February 7, 2011, interest is payable on the first day of the month and on the reduction date
- For a PRC advance with an effective date on or after February 7, 2011, interest is payable on the reduction date

Prepayment

- Generally prepayment is allowed provided the Bank receives notice by 3:00 p.m. ET on the previous Bank business day
- For advances with terms of less than 12 months or notional amounts of less than \$1 million, the prepayment fee generally is equal to the present value of the daily lost cash flow to the Bank
- For advances with terms of 12 months or greater and notional amounts of \$1 million or more, the prepayment fee generally is equal to the Bank's cost of unwinding the transaction plus an administrative fee
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the PRC advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, call the Funding Desk.

Convertible

The Convertible advance offers fixed-rate funding in exchange for selling the Bank the option to convert to a variable rate at a future date. The conversion option is available as European (one-time only) or Bermudan (at regularly stated intervals until maturity). The advance is subject to conversion by the Bank on predetermined dates.

Common Uses

- Provide liquidity
- Macro fund balance sheet
- Manage asset /liability position

Maturity

- Generally maturities of up to 15 years

Pricing

- Minimum size is generally \$1 million
- Minimum requirement for same day pricing is \$5 million
- Interest rate is fixed on or before the funding date

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly

Prepayment

- Prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- Additional restrictions may apply to advances under \$25 million
- If the Bank converts the advance, the borrower may choose to prepay all or part of the advance without a prepayment fee on the conversion date or any subsequent interest reset date
- If converted, prepayment fee may apply if borrower chooses to prepay all or part of the advance on any date other than the reset date
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Convertible advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Convertible Flipper

The Convertible Flipper advance offers members the benefits of low-cost funding.

The Convertible Flipper advance is a variable-rate advance that “flips” to a fixed-rate advance after an initial floating-rate period. The initial variable rate is stated at a spread below the index. The Bank retains an option (either European or Bermudan) to convert the interest rate on the advance to a then current variable rate on or after the first conversion date. If the advance is not converted, it will flip to a predetermined fixed rate. In the case of the European, the fixed rate will remain until maturity. If the option is Bermudan, the Bank retains the option to convert the interest rate on a monthly or quarterly basis.

Product is subject to market availability

Common Uses

- Balance sheet management tool that may lower funding costs
- Provide liquidity
- Macro fund the balance sheet
- Manage asset/liability positions

Maturity

- Generally maturities of up to 15 years

Pricing

- Minimum size is generally \$1 million
- Minimum requirement for same day pricing is \$5 million
- Interest rate is fixed on or before the funding date and resets at specific intervals

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly based on the index used

Prepayment

- Prepayment fee generally is equal to the Bank’s cost of unwinding the transaction
- If the Bank converts the advance, the borrower may choose to prepay all or part of the advance without a prepayment fee on the conversion date or any subsequent interest reset date

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Convertible Flipper - *Continued from previous page*

- If converted, prepayment fee may apply if borrower chooses to prepay all or part of the advance on any date other than the reset date
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Convertible Flipper advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Floating-to-Fixed

The Floating-to-Fixed advance allows members to take on fixed-rate protection while minimizing the impact to current funding costs. The advance's interest rate initially floats, and then, at a predetermined time, changes to a known fixed rate for the remaining term. There is no optionality in the advance, so the member cannot elect to keep the advance at a floating rate beyond the predetermined date. For added flexibility, the member can select the initial floating rate spread or the interest rate for the fixed period, and FHLBank Atlanta will determine the other value. The member can also select the date the advance rate changes from floating to fixed.

Common Uses

- Balance sheet management tool that may lower funding costs
- Provide liquidity
- Macro fund the balance sheet
- Manage asset/liability positions

Maturity

- Generally maturities of up to 15 years

Pricing

- Minimum size is generally \$1 million
- Minimum requirement for same day pricing is \$5 million
- Interest rate is fixed on or before the funding date and resets at specific intervals

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly based on the index used

Prepayment

- Prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Floating-to-Fixed advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Convertible Knockout

The Convertible Knockout advance helps members manage liquidity and balance sheet position. This advance, with a maturity of up to 15 years, is subject to conversion to a variable rate if a specific strike rate is reached. The Convertible Knockout advance is available in European or Bermudan conversion options.

Product is subject to market availability.

Common Uses

- Provide liquidity
- Provide targeted protection against rising rates
- Macro fund balance sheet
- Manage asset/liability position

Maturity

- Generally maturities of up to 15 years

Pricing

- Minimum size is generally \$1 million
- Minimum requirement for same-day pricing is \$5 million
- Interest rate is fixed on or before the funding date

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly, based on the index

Prepayment

- Prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- If the Bank converts the advance, the borrower may choose to prepay all or part of the advance without a prepayment fee on the conversion date or any subsequent interest reset date
- If converted, prepayment fee may apply if borrower chooses to prepay all or part of the advance on any other date other than the reset date
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Convertible Knockout advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Expander

The Expander advance is a fixed-rate, fixed-term advance that allows a member to increase the principal on the advance by up to five times the original principal on a predetermined future date and at the original fixed rate of the advance. This product has clear advantages for members in a rising-rate environment, such as providing protection against higher deposit costs or deposit runoff. As an asset/liability management tool, the Expander allows members to keep more variable rate liabilities while obtaining the hedge needed against long-term assets. It also is useful in helping members manage interest-rate risk. This product is available with various structures.

Product subject to market availability

Common Uses

- Duration hedge to long-term assets while retaining some liability sensitivity
- Replace deposit runoff in rising interest rate environment at lower fixed funding rate

Maturity

- Generally maturities of up to 20 years

Pricing

- Minimum size is generally \$1 million
- Minimum requirement for same-day pricing is \$5 million
- Interest rate is fixed on or before the funding date

Funding

- Funding is subject to availability and generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis

Prepayment

- Prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Expander advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Reducer

The Reducer advance offers members the opportunity to embed multiple options into a fixed-rate advance. Members may buy or sell multiple options to reduce the interest rate on the advance based on current market conditions.

Product subject to market availability.

Common Uses

- Flexibility in hedging portfolio risk

Maturity

- Generally maturities of up to 20 years

Pricing

- Minimum size is \$5 million
- Interest rate is fixed on or before the funding date

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly

Prepayment

- Prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Reducer advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Callable

The Callable advance provides members the flexibility to lower funding costs if rates decline and prepayments on loans or securities increase. The Callable advance is a fixed-rate advance, which the borrower has the option to repay on specified dates with no prepayment fee. The call option may be European or Bermudan.

Common Uses

- Fund fixed-rate loans and securities
- Manage interest-rate risk
- Supplement retail deposits

Maturity

- Generally maturities of up to 10 years

Pricing

- Minimum size generally is \$1 million
- Minimum requirement for same-day pricing is \$5 million
- Interest rate is fixed on the funding date

Funding

- Funding generally is available two Bank business days after the pricing date

Interest

- Interest is calculated on an actual/360 day basis, payable quarterly or monthly

Prepayment

- No prepayment fee if paid on specified prepayment dates, as long as the member gives the Bank proper notice
- Prepayment fee on non-specified prepayment dates generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Customization

- Certain terms of the Callable advance may be customized to meet the individual needs of the borrower. For additional information regarding options available, including but not limited to a forward starting advance feature, call the Funding Desk.

Callable Adjustable Rate Credit

The Callable Adjustable Rate Credit advance provides intermediate funding at a variable rate, tied to SOFR with the option to repay the advance on specified dates with no prepayment fee. The interest rate resets at periodic intervals, so pricing adjusts automatically to changing market conditions. Members can choose the advance term and rate reset period. The call option may be European or Bermudan.

Effective June 30, 2020, LIBOR-indexed Callable Adjustable Rate Credit advances will only be offered for maturities that do not exceed December 31, 2021.

Common Uses

- Fund adjustable-rate loans
- Provide liquidity
- Manage interest-rate risk
- Increase liability-side flexibility

Maturity

- Maturities of up to two years

Pricing

- Initial rate is set on trade date
- Interest rate resets at specific intervals and is expressed as a spread to an index, generally SOFR
- Member may choose monthly or quarterly pay frequency

Funding

- Generally same day funding is available

Interest

- Interest is calculated on an actual/360 day basis with daily resets, payable monthly or quarterly using simple average

Prepayment

- No prepayment fee if paid on specified prepayment dates, subject to seven (7) business days prior written notice

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Callable Adjustable Rate Credit - Continued from previous page

- Prepayments on any day other than specified prepayment dates will be subject to a fee equal to the greater of (a) 5 basis points per annum of the amount repaid or (b) a per annum fee equal to the difference in the spread to SOFR for the advance being repaid and the spread for a new Callable Adjustable Rate Credit advance issued on the date of repayment in the amount outstanding and for the term remaining until the next specified prepayment date of the advance being repaid (or if a prepayment is made within seven business days of the next specified prepayment date, the term remaining until the subsequent prepayment date), multiplied by the amount being repaid, each calculated on the basis of a three hundred sixty (360) day year.

Forward Starting Advance

Forward starting advances enable members to take advantage of the current interest rate environment without adding liquidity.

Any structured advance can be customized to include a forward starting feature. The advance will have all of the features and benefits of the selected structure once it has funded.

This advance should only be issued with the good faith intention by the member to fund the advance. Additional fees and limitations apply for terminating the advance transaction prior to the funding date.

Common Uses

- May be used for any of the same purposes as the type of structured advance selected

Maturity

- Generally maturities consistent with the type of structured advance selected

Pricing

- Based on the terms of the specific advance structure selected

Voluntary Termination Prior to Funding Date

- If a forward starting advance transaction is terminated at any time prior to the funding date, the voluntary termination fee will be equal to 50 bps times the principal amount of the advance plus the Bank's cost of unwinding the hedge plus an administrative fee
- The member shall not receive any payment from the Bank upon voluntary termination of the advance transaction prior to the funding date, regardless of whether or not the Bank has received any amount greater than zero on the underlying hedge

Prepayment

- On or after the funding date and prior to the maturity date, the prepayment fee on non-specified prepayment dates is generally equal to the Bank's cost of unwinding the transaction plus an administrative fee
- See Appendix B for more details on applicable prepayment fees

Collateral

- Collateral is required during the entire life of the advance.
- The Collateral required from the Grant date to the Funding Date is shown below:
 - Remaining maturities of the advance of less than one year: net present value of the advance + 0 percent of committed principal amount of the advance
 - Remaining maturities between one and less than or equal to five year(s): net present value of the advance + 0.5 percent of committed principal amount of the advance

Continued on following page

Forward Starting - Continued from previous page

- Remaining maturities greater than five years: net present value of the advance + 1.5 percent of the committed principal amount of the advance
- From the funding date to the maturity date, the above collateral requirements are no longer in effect; the collateral requirements will then be consistent with the Bank's general collateral requirements for advances
- The notional component of any collateral requirement is not reduced by any market value in the borrower's favor

Interest

- The advance amount will accrue interest beginning on the Funding date
- Interest is calculated and payable to the Bank based on the terms of the specific advance structure selected

OTHER PRODUCTS AND SERVICES

Interest Rate Swap

The Bank's Interest Rate Swap product offers a member the flexibility to manage interest-rate risk. The Bank and the borrower exchange interest payments on a predetermined amount, called the notional amount. One party agrees to make fixed-rate payments, while the other party makes variable-rate payments on the notional amount for a fixed period.

Swap exposure is considered in the calculation of a member's overall credit limit. A member wishing to engage in this program must enter into an International Swap Dealers Association Master Agreement (ISDA) and Schedule with the Bank.

Effective June 30, 2020, LIBOR-indexed swaps will only be offered for maturities that do not exceed December 31, 2021.

Common Uses

- Manage interest-rate risk

Maturity

- Generally maturities of up to 20 years

Pricing

- Priced at a spread to a specific index
- Negotiated on a case-by-case basis

Collateral Requirements

- Remaining maturities less than one year: Market value of swap + 0 percent of outstanding notional principal of the swap
- Remaining maturities between one and less than or equal to five year(s): Market value of swap + 0.5 percent of outstanding notional principal of the swap
- Remaining maturities greater than five years: Market value of swap + 1.5 percent of outstanding notional principal of the swap
- The notional component of any collateral requirement is not reduced by any market value in the borrower's favor
- Application is subject to same credit underwriting standards as application for advances

Interest

- Interest is calculated on an actual/360 day basis, payable or receivable as established in each individual contract

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Interest Rate Swap - *Continued from previous page***Early Termination**

- Termination fee is based on the difference in market value between the terminated interest payment and the projected payment stream under the interest rate swap at the current yield until maturity
- See Appendix B for more details on applicable early termination fees

Customization

- The Bank's Interest Rate Swap products may be customized for the particular transaction. For additional information regarding options available, call the Funding Desk.

Stand-alone Interest Rate Cap or Floor

The Interest Rate Cap or Floor is a transaction between the Bank and a member in which the member pays an upfront premium for the right to receive periodic payments from the Bank if the specified index rate rises or falls outside the predetermined strike rate. Under an interest rate “cap” agreement, one party (the seller of the cap) agrees to compensate another party (the buyer of the cap) if a designated interest rate moves above a predetermined level at specific future dates. An interest rate “floor” agreement obligates one party (the seller of the floor) to compensate another party (the buyer of the floor) if a designated interest rate moves below a predetermined level at specific future dates. The Bank may act as the seller or buyer under the agreements.

Effective June 30, 2020, LIBOR-indexed options will only be offered for maturities that do not exceed December 31, 2021.

Product subject to market availability.

Common Uses

- Protect against rising or falling interest rates

Maturity

- Generally maturities of up to 20 years

Pricing

- Expressed as number of basis points and applied to notional amount, payable at inception of contract

Interest

- Interest is calculated on an actual/360 day basis, payable as established in each individual contract

Collateral Requirements

- Collateral is required when the Bank is the buyer of the cap or floor. The collateral must have a Lendable Collateral Value equal to not less than 0.5 percent of the outstanding notional principal amount of the agreement, plus the market value of the cap or floor
- The notional component of any collateral requirement is not reduced by any market value in the borrower’s favor
- Collateral is not required when the Bank is the seller of the cap or floor
- The member must enter into an International Swap Dealers Association Master Agreement (ISDA) and Schedule with the Bank

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Stand-alone Interest Rate Cap or Floor - Continued from previous page

Early Termination

- Termination fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable early termination fees

Customization

- Interest Rate Cap or Floor transactions may be customized to meet the individual needs of the member. For additional information regarding options available, call the Funding Desk.

Letters of Credit

Letters of Credit (LOC) provide members with an efficient, low-cost way to secure contracts with third parties. The Bank may issue an LOC to a third-party beneficiary on a member's behalf as an independent guarantee for the member's obligation. The member is able to reduce financing costs for itself or for its clients by obtaining a Bank LOC that provides an enhanced rating for the member or a bond issue.

Common Uses

- Collateralize public unit deposits and interest-rate swaps
- Enhance credit for issuing taxable housing and non-housing bonds (and tax-exempt housing-related bonds)
- Facilitate residential housing finance
- Promote community lending for affordable housing and economic development, including projects funded with advances

Benefits

- Allows members to leverage the strong credit rating of the Bank
- Provides liquidity by serving as an alternative form of collateral for public unit deposits
- Helps members manage asset/liability positions
- Offers flexible terms and affordable fees
- Collateralized in the same manner as an advance

Term

- Annually renewable LOC option
 - Renewal every 12 months up to the final expiration date
 - Generally final expiration date of up to 10 years after issuance
- Non-renewable LOC option
 - Fixed term of up to five years
 - Higher fees apply to LOCs for fixed terms of two to five years
 - Additional credit restrictions apply

Pricing

- Tiered pricing structure based on the principal amount of the LOC, the renewal option selected, and the term of the LOC
- Special pricing for LOCs to collateralize public unit deposits
- Fees are paid monthly in arrears
- Minimum fee of \$25 per month
- For any draw made by a beneficiary under an LOC, the member will be charged a processing fee of the greater of (a) \$100 and (b) the Bank's costs of providing the service as determined in accordance with 12 CFR §1271.6(b)

Continued on following page

Letter of Credit - *Continued from previous page*

Termination

- Only beneficiary may terminate an LOC prior to the expiration date

Restrictions

- Commercial LOCs are not available
- LOCs supporting variable- rate demand bond or note transactions are available only to members with a credit risk rating of 101-103

Federal Funds and Bank Deposit Transactions

The Bank manages its liquidity to meet its operational and member needs under all reasonable economic and operational situations. As part of its overall investment strategies, the Bank invests in the Federal Funds and bank deposit markets to earn a positive return on cash reserves. In accordance with generally accepted practices in the Federal Funds and bank deposit markets, lending is not collateralized, and, as such, the Bank enters into transactions with counterparties subject to strict eligibility requirements as listed below. The Bank may engage in investment transactions with members or non-members who meet the criteria below and are otherwise determined to be eligible in the Bank's discretion.

Counterparties participating in the Federal Funds and bank deposit markets should understand that borrowing is never guaranteed, and is not a committed line, nor a product or service offered by the Bank.

Common Uses

- Short-term supplemental borrowing for highly rated counterparties (members and non-members)

Eligibility

- The lowest rating of the following Nationally Recognized Statistical Rating Organizations and minimum standards will be used: Standard & Poor's (BBB- or better), Moody's (Baa3 or better), or Fitch (BBB- or better) when establishing eligibility and unsecured credit limit
- Minimum Tier 1 capital requirement of \$250 million for non-members and \$100 million for members, and such other criteria or terms as may be required pursuant to applicable regulations and the Bank's then-current Risk Management Policy

Benefits

- Participants benefit by borrowing unsecured short-term funds at the Federal Funds effective market rate, or bank deposits market rate

Term

- Overnight and short-term (less than one year)
- Longer-term borrowings are subject to more strict credit requirements

Pricing

- Federal Funds effective market rate, or bank deposits market rate

Availability

- Subject to the Bank's cash reserve needs

Collateral Requirements

- None (but may be subject to Bank's set-off rights)

Continued on following page

Federal Funds - *Continued from previous page*

Regulatory Limits

- Regulation 12 CFR 932.9 restricts unsecured lending by FHLBanks based on capital and counterparty rating. The table below specifies the maximum allowable Federal Funds and bank deposit exposures. Additional restrictions may apply.

Maximum Limits on Unsecured Extensions of Credit to a Single Counterparty By Counterparty Credit Rating Category		
Credit rating of counterparty Category	Maximum capital exposure limit (in percent)* for one day or less	Maximum capital exposure limit (in percent)* in excess of one day
Highest Investment Grade	30	15
Second Highest Investment Grade	28	14
Third Highest Investment Grade	18	9
Fourth Highest Investment Grade	6	3

* Exposure is calculated using the lesser of the Bank or counterparty regulatory capital amount.

CASH MANAGEMENT SERVICES

Daily Investment Account

The Daily Investment Account (DIA) provides members with a primary transaction account that accrues interest daily and pays interest monthly. The DIA has no minimum or maximum dollar limit.

Common Uses

- Post advance proceeds and repayments
- Make wire transfers
- Post security safekeeping purchases and sales
- Pay monthly service charges

Pricing

- Fees are competitive
- For pricing information, refer to the Bank's published [fee schedule](#)

Benefits

- Invest automatically in the federal funds market
- Accrue interest daily on 100 percent of the collected balance
- Receive transactional history to simplify balancing requirements
- Review account activity daily on FHLBAccess
- Benefit from "hard dollar" service fees rather than earnings credits

Securities Safekeeping Services

The Bank's Securities Safekeeping Services enable members to hold various types of investments in a safekeeping account, settling all transactions through our custodian bank. These include Federal Reserve Book Entry, Depository Trust Company and physical securities. The Bank is an authorized custodian for Public Unit Deposit pledges, which include various state treasury pooling programs in the Bank's district.

Common Uses

- Hold, buy, and sell securities of all types
- Pledge securities for private and public deposits that exceed the FDIC insurance limit

Benefits

- Securities held can be pledged immediately for FHLBank Atlanta obligations
- Member receives credit of transaction proceeds to Daily Investment Account (DIA), and interest accrues daily at a competitive rate
- Member can monitor safekeeping transactions online via FHLBAccess

Eligibility

- All members are eligible
- Advances Agreement and Signature Card are required to establish an account

Pricing

- Fees are competitive with those of similar services at other institutions
- For pricing information, refer to the Bank's published [fee schedule](#)

Authorizations

- Member must provide signatures of persons authorized to purchase, sell, transfer, or pledge securities on behalf of the institution
- Member using the Public Unit/Private Depositor Pledge program must execute a Safekeeping Pledge Agreement prior to submitting a pledge request

Wire Transfer Services

The Bank offers Wire Transfer Services online via FHLBAccess as well as by phone, allowing members to execute and receive wire transfer transactions.

Common Uses

- Send and receive funds via wire transfer

Eligibility

- All members are eligible

Pricing

- Fees are competitive
- For pricing information, refer to the Bank's published [fee schedule](#)

Authorizations

- Member must complete a signature card that identifies the individuals who are authorized to wire funds
- In addition to the Advances and Securities Agreement, the institution also must complete a Wire Transfer Agreement and an Addendum specifying the preferred wiring method
- Each authorized individual will receive a Personal Identification Number (PIN) for initiating and confirming wire transfers

Availability

Incoming

- Incoming wires must be received by the Bank by 5:00 p.m. ET to earn the posted DIA rate
- Phone notification is requested by 3:00 p.m. ET on amounts of \$25 million or more wired into the Bank

Outgoing

- Outgoing phone or letter wire instructions 4:00 p.m. ET
- Interbank transfer instructions 4:00 p.m. ET
- Wires transacted online 4:00 p.m. ET

Benefits

- Same day credit on all incoming funds received by 5:00 p.m. ET
- Interest accrues daily on all collected funds and is credited monthly to the member's DIA

FHLBAccess®

FHLBAccess provides members with the speed and convenience of transacting business online. An important component of FHLBAccess is the Member Services Portal (MSP), where borrowers can view account information, access reports, and conduct transactions.

Transactional Features

- Daily Rate Credit (DRC) advance fundings and repayments
- Short-term Fixed Rate Credit (FRC) advance fundings
- Qualifying Collateral Report (QCR) filings and collateral file uploads
- Sales and purchases of securities held in safekeeping with the Bank
- Pledges of securities held in safekeeping as collateral for borrowing
- Outgoing wire transfer initiations, approvals, and releases
- Affordable Housing Program transactions

Informational Features

- Portfolio information and activity history for deposits, advances, collateral, capital stock, securities, and wires
- Advance pricing and interest rates on deposits
- Statements
- Reports and forms
- Online messaging

For more information about FHLBAccess, call Shareholder Support at 1.800.536.9650, option 7.

COMMUNITY INVESTMENT SERVICES

Affordable Housing Program

Members have access to a variety of homeownership, rental development, and rehabilitation grant products to support their business development goals and to provide housing opportunities for low- to moderate-income households. The Bank also offers services to assist members with Community Reinvestment Act (CRA) compliance and to connect them with real estate professionals, for-profit and nonprofit developers, local governments, and other sources of funding in their communities.

Each year the Bank commits 10 percent of its annual regulatory net income to fund the Affordable Housing Program (AHP), which can offer members funding that helps them reach new customers and enhance existing relationships. The Bank delivers AHP financing in two ways: a competitive program (AHP Competitive) for ownership, rental, and supportive housing projects and a set-aside program (AHP Set-aside) for ownership and FEMA-designated natural disaster rehabilitation transactions.

The [AHP Implementation Plan](#) sets forth certain policies, procedures, and standards applicable to the Bank's AHP, as required by the Regulations.

AHP Competitive Program (Rental and Ownership)

- The Bank distributes AHP Competitive program funds in up to two competitive offerings per year
- AHP Competitive provides funding to the Bank's member financial institutions and their community housing partners (project sponsors) for the acquisition, construction, rehabilitation, and development of affordable rental and ownership housing
- See page 35 for additional details regarding the AHP Competitive program

AHP Set-aside Program (Ownership)

- The Bank may set aside up to 35 percent of its annual AHP funds for the AHP Set-aside program
- The AHP Set-aside program includes six distinct products
 - First-time Homebuyer Product
 - Community Partners Product
 - Foreclosure Recovery Product
 - Veterans Purchase Product
 - Returning Veterans Purchase Product
 - Community Rebuild and Restore Product
 - See pages 38-42 for additional details regarding each AHP Set-aside product

Continued on following page

*Affordable Housing - Continued from previous page***Participation**

- To participate in the AHP Set-aside Program, members must submit an AHP Set-aside Agreement

Funding

- Members are encouraged to take advantage of multiple AHP programs, but may not fund a single project or unit with more than one AHP product (e.g., both AHP Competitive program and AHP Set-aside program product funds cannot be used to benefit a single project or homeowner during the AHP retention period)

AHP Competitive

The AHP Competitive program is a flexible source of equity-like funding and low-interest loans designed to help members and community partners develop affordable rental and owner-occupied housing for very low- to moderate-income families and individuals.

Common Uses

- Purchase, construction, or rehabilitation of an owner-occupied project by or for very low-income, low-income, or moderate-income households
- Purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units are occupied by and affordable for very low-income households

Application

- Member partners with project sponsors to submit one or more online applications during the annual competitive offering
- Bank evaluates and scores applications based on predetermined criteria and objectives, as described in more detail in the Bank's [AHP Implementation Plan](#)

Funding

- Member may request funds in the form of a subsidized advance and/or a direct subsidy
- Maximum direct subsidy is \$500,000 per project
- Bank awards funds following each competitive offering
- Award recipients must execute a project-specific AHP Agreement
- Member may use AHP funds in conjunction with the Community Investment Program and Economic Development Program advances

Prepayment

- Generally prepayment is allowed for subsidized advances provided the Bank receives notice by 3:00 p.m. ET on the previous Bank business day
- Prepayment fee generally is equal to the present value of the daily lost cash flow to the Bank
- See Appendix B for more details on applicable prepayment fees

Compliance and Monitoring

- See [AHP Implementation Plan](#) for details

First-time Homebuyer Product

The First-time Homebuyer Product (FHP) is an AHP Set-aside product that provides funding for down-payment and closing-cost assistance to low- and moderate-income homebuyers. These funds are provided to member institutions, which in turn make them available for qualifying families with incomes at or below 80 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher.

Common Uses

- Provides funds for down payment, closing costs, principal reduction, counseling, or rehabilitation to eligible first-time homebuyers
- Provides members a competitive advantage in capturing new customers and reaching untapped markets

Eligible Homebuyers

- Participating homebuyers must be first-time homebuyers

Funding

- Bank offers funds on a first-come, first-served, homebuyer-by-homebuyer basis
- Funds up to \$5,000 per unit may be awarded
- Minimum \$1,000 homebuyer contribution

Compliance and Monitoring

- See [AHP Implementation Plan](#) for details

Community Partners Product

The Community Partners Product (CPP) is an AHP Set-aside product that provides funding for down payment, closing costs, principal reduction, counseling, or rehabilitation in connection with the purchase or purchase/rehabilitation of an existing unit by a first-time or non-first-time homebuyer employed in any of the following professions: currently employed or retired law enforcement officers, educators, health care workers, firefighters, and other first-responders.

These funds are provided to member institutions, which in turn make them available for qualifying families with incomes at or below 80 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher.

Common Uses

- Provides funds for down payment, closing costs, principal reduction, counseling, or rehabilitation in connection with the purchase or purchase/rehabilitation of a home purchased by individuals in targeted professions
- Provides members a competitive advantage in capturing new customers and reaching untapped markets, including new customers in the non-first-time homebuyer market

Eligible Homebuyers

- Participating homebuyers may be first-time or non-first-time homebuyers currently employed or retired law enforcement officers, educators, health care workers, firefighters, and other first-responders

Funding

- Bank offers funds on a first-come, first-served, homebuyer-by-homebuyer basis
- Funds up to \$7,500 per unit may be awarded
- Minimum \$1,000 homebuyer contribution

Compliance and Monitoring

- See [AHP Implementation Plan](#) for details and full product requirements

Foreclosure Recovery Product

The Foreclosure Recovery Product (FRP) is an AHP Set-aside product that provides funding for down payment, closing costs, principal reduction, and counseling for the purchase or purchase/rehabilitation of an existing home from any member's or member's affiliate or housing associate member's Real Estate Owned (REO) portfolio by a first-time or non-first-time homebuyer. These funds are provided to member institutions, which in turn make them available for qualifying families with incomes at or below 80 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher.

Common Uses

- Provides funds for down payment, principal reduction, counseling, and closing costs for the purchase or purchase/rehabilitation of an existing home from any member's or member's affiliate or housing associate member's REO portfolio by a first-time or non-first-time homebuyer
- Provides members an opportunity to advance the disposition of REO property

Eligible Homebuyers

- Participating homebuyers may be first-time or non-first-time homebuyers

Funding

- Bank offers funds on a first-come, first-served, homebuyer-by-homebuyer basis
- Funds up to \$15,000 per unit may be awarded
- Minimum \$1,000 homebuyer contribution

Compliance and Monitoring

- See [AHP Implementation Plan](#) for details and full product requirements

Veterans and Returning Veterans Purchase Products

The Bank offers two distinct AHP Set-aside Products to assist veterans and active-duty members of the U.S. military with down payments, closing costs, principal reduction, or counseling costs on eligible homes. Funds are provided to member institutions, which in turn make them available for qualifying families with incomes at or below 80 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher. The assistance is available throughout the U.S. and its territories.

Products

- Veterans Purchase Product (VPP) and Returning Veterans Purchase Product (RVPP)
 - Provides funding for down payment, closing costs, principal reduction, counseling, or rehabilitation in connection with the purchase of a home by a qualified first-time or non-first time homebuyer
 - Veterans – Funds up to \$7,500 may be awarded
 - Returning Veterans – Funds up to \$10,000 may be awarded

Eligible Homebuyers

- Returning Veterans must be currently serving or have served in an overseas military intervention environment for any branch of the U.S. military, or be the spouse or the surviving spouse of such person
- Veterans must be currently serving or have served in any branch of the U.S. military (regardless of service in an overseas military intervention environment), or be the spouse or the surviving spouse of such person
- Participating homebuyers may be first-time or non-first time home buyers

Funding

- Bank offers funds on a first-come, first-served, homebuyer-by-homebuyer basis
- No cash contribution from homebuyer is required

Compliance and Monitoring

- See [AHP Implementation Plan](#) for details and full product requirements

Community Rebuild and Restore Product

The Community Rebuild and Restore (CRR) Product is an AHP Set-aside product that provides funds to correct deficiencies to an existing owner-occupied home located in a Major Disaster Declaration area as designated by the Federal Emergency Management Agency (FEMA).

These funds are only available to member institutions, which in turn make them available for qualifying families with incomes at or below 80 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher.

Common Uses

- Provides funds for the rehabilitation of an existing home to correct defects or deficiencies resulting from the identified disaster not associated with repairs covered under an insurance claim, and financial counseling
- Provides members a competitive advantage in capturing new customers and reaching untapped markets

Eligible Homeowners

- Homeowner must have at least 30 days current ownership by life estate, surface rights, leasehold estate, or full interest in the fee title and have ownership of the subject property at the time of the “Major Disaster Declaration”

Funding

- Bank offers funds on a first-come, first-served, homeowner-by-homeowner basis
- Funds up to \$10,000 per unit may be awarded
- Funding applications must be submitted within 36 months of the “Major Disaster Declaration” by FEMA

Compliance and Monitoring

See [AHP Implementation Plan](#) for details and full product requirements

Community Heroes Initiative

The Community Heroes Initiative creates partnerships between FHLBank Atlanta and local or state governments or housing finance agencies to provide grant funding for home purchase assistance. Eligible homebuyers include law enforcement officers, public school educators, firefighters, and other first responders in FHLBank Atlanta's district earning greater than 80 percent and up to 120 percent of area median income.

The initiative will combine up to \$4.5 million in funding from FHLBank Atlanta with up to \$13.5 million in additional funding from local and state entities to provide a total of \$18 million. Funds will be delivered exclusively through FHLBank Atlanta member financial institutions.

Common Uses

- Provides funds for down payment, closing costs, principal reduction, counseling, or rehabilitation in connection with the purchase or purchase/rehabilitation of a home purchased by borrowers in targeted professions
- Provides members with a competitive advantage in capturing new customers and depositors. Also, helps member enhance their Community Reinvestment Act strategy, achieve lending business objectives, and build a stronger relationship with local entities

Eligible Homebuyers

- Participating homebuyers may be first-time or non-first-time homebuyers that are currently employed or retired law enforcement officers, public school educators, firefighters, and other first responders
- Earn greater than 80 percent and up to 120 percent of the county area median income or the state median family income, adjusted for family size as published by HUD, whichever is higher

Community Investment Program

The Community Investment Program (CIP) provides advances to member institutions to assist low- and moderate-income families that seek affordable housing opportunities. Advances must be used by the member for the purchase, construction, and rehabilitation or refinancing of housing-related projects or activities that benefit families with an income at or below 115 percent of the area median income. CIP advances are available as fixed-rate products or principal-reducing products on a reduced-rate basis.

Through December 31, 2020, members can use CIP advances for the benefit of businesses that are eligible for the Small Business Administration Paycheck Protection Program (PPP), regardless of whether or not the business entity participates in the PPP.

Common Uses

- Single-family, owner-occupied home loans where the units are owned or will be purchased by families with incomes at or below the targeted level
- Multiple-unit, ownership loans where at least 51 percent of the units are owned or will be purchased by families with incomes at or below the targeted level
- Rental housing loans where at least 51 percent of the units have rates affordable to families at or below the targeted level
- Manufactured housing park loans where at least 51 percent of the units are occupied by, or have rents affordable to, families with incomes at or below the targeted level, or where the park is located in a neighborhood with a median income at or below the targeted level

Maturity

- Maturities generally range from 12 months to 20 years

Application

- Member must submit a [CIP Authorization Application](#) to the Community Investment Services department for evaluation
- A decision on eligibility generally is made within three business days

Pricing

- Interest rate is based on the Bank's cost of funds, plus the administrative costs of the advance

Funding

- Funding generally is available two Bank business days after the pricing date for CIP advances with terms of 12 months or greater and notional amounts of \$1 million or more
- May be used in conjunction with AHP Competitive and AHP Set-aside
- Member is limited to a maximum of \$50 million in CIP and EDP new money advances combined per calendar year

Continued on following page

*Community Investment Program - Continued from previous page***Prepayment**

- For CIP advances with terms of 12 months or greater and notional amounts of \$1 million or more, the prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Economic Development Program

The Economic Development Program (EDP) provides advances to member institutions to assist them with community economic development activities such as business start-ups, projects that create or maintain jobs, redevelopment of federal disaster areas, infrastructure improvement, and other economic development activities. EDP advances are available as fixed-rate products or principal-reducing products on a reduced rate basis.

Through December 31, 2020, members can use EDP advances for the benefit of businesses that are eligible for the Small Business Administration Paycheck Protection Program (PPP), regardless of whether or not the business entity participates in the PPP.

Common Uses

- Fund small businesses loans
- Fund projects in low- to moderate-income communities with a median income at or below 100 percent of the area median income for urban areas or 115 percent of the area median income for rural areas
- Fund projects in Champion Communities, Enterprise Communities, Empowerment Zones, Native American Indian areas, NAFTA-impacted communities, Brownfield Tax Credit areas, federal disaster areas, or areas affected by a military base closing
- Fund projects that create or maintain jobs for low- to moderate-income individuals
- Fund projects that provide services to low- to moderate-income families

Maturity

- Maturities generally range from 12 months to 20 years

Application

- Member must submit an [EDP Authorization Application](#) to the Community Investment Services department for evaluation. A decision on eligibility generally is made within three business days

Funding

- Funding generally is available two Bank business days after the pricing date for EDP advances with terms of 12 months or greater and notional amounts of \$1 million or more
- May be used in conjunction with AHP competitive offering
- Member is limited to a maximum of \$50 million in EDP and CIP new money advances combined per calendar year

Pricing

- Interest rate is based on the Bank's cost of funds, plus the administrative costs of the advance

Continued on following page

*Economic Development Program - Continued from previous page***Prepayment**

- For EDP advances with terms of 12 months or greater and notional amounts of \$1 million or more, the prepayment fee generally is equal to the Bank's cost of unwinding the transaction
- See Appendix B for more details on applicable prepayment fees

Credit and Collateral Policy

Credit Policies

Defined Terms

Capitalized terms used in this policy and not otherwise defined are defined in Appendix A to this Credit and Collateral Policy (sometimes referred to herein as, this “Policy”).

Credit Risk Ratings

The Bank utilizes proprietary credit score models for its bank and credit union members as one of its tools to implement a risk-focused approach to credit underwriting and monitoring. The Bank uses a risk level matrix or methodology to risk rate housing associates, community development financial institutions, and corporate credit unions, and an external probability of default model to risk rate insurance company members. The Bank assigns each borrower a credit risk rating from 101 to 104 according to the relative amount of credit risk such borrower poses to the Bank, with 101 being the least amount of credit risk and 104 being the greatest amount of credit risk.

Each borrower is required to notify the Bank if there have been any events or changes in facts or circumstances affecting such borrower which, individually or in the aggregate, have had or could reasonably be expected to have, a Material Adverse Effect (as defined in the applicable Advances and Securities Agreement) on such borrower. To facilitate this process, the Bank has set up a confidential e-mail account for members to report such events: AdverseEventReport@fhlbatl.com. The following information should be included in a report:

- Institution name and member account number
- Contact person name, phone number, and e-mail address
- Brief description of material adverse event and date event occurred

The Bank will evaluate the information and likely reach out to discuss the Material Adverse Effect with the member to understand the facts and circumstances surrounding the occurrence.

Credit Limits

The Bank establishes a credit limit for each borrower. The credit limit is not a committed line of credit, but rather an indication of the borrower’s general borrowing capacity with the Bank. Except for specified commitments to lend, each extension of credit from the Bank is underwritten at the time it is made, and the Bank is under no obligation to make any such extension of credit.

The Bank determines the credit limit in its sole and absolute discretion, by evaluating a wide variety of factors indicating the borrower’s overall creditworthiness. The credit limit is expressed as a percentage of the borrower’s assets or, in some cases, a fixed dollar amount. Credit exposure is defined as the borrower’s total liabilities to Bank, which includes the face amount of outstanding letters of credit, the principal amount of outstanding advances, and the total exposure of the Bank to the borrower under any derivative contract.

In general, depository institutions (banks and credit unions) that do not have an FHLBank Atlanta “National” or “Regional” account designation will be assigned a credit limit based on their credit risk rating as follows:

Credit Risk Rating	Floating Credit Availability (FCA)
101-102	25%
103-104	FCA will be reviewed quarterly

Note: The exception to the above includes members that have a capped credit availability at a fixed dollar amount. Insurance companies, housing associates, and community development financial institutions are also excluded.

Credit limits of 30 percent or less generally may be approved by Bank management. Credit limits in excess of 30 percent must be approved by the Bank’s board of directors. A borrower’s eligibility for a credit limit in excess of 30 percent is generally subject to the following conditions:

- If at any point in time the total secured credit exposure to total assets exceeds 30 percent, the borrower must provide loan level listing detail. In addition, the pledged collateral reported in the loan level listing detail will be subject to periodic stress testing. Should the borrower’s exposure decline to below 30 percent, it would be management’s discretion as to when this requirement would be lifted.
- An annual collateral verification review (CVR) will be required unless securities collateral fully secures all outstanding borrowings.
- The borrower must have a credit risk rating of 102 or better. Should the borrower’s credit risk rating decline to a 103 or 104, an updated credit review would be required. Based on the review, management would determine whether a reduction in the borrower’s credit availability would be required.
- The Bank must have a blanket lien on all loan portfolios; any loan collateral carve outs where the borrower is receiving Lendable Collateral Value (LCV) will not be permitted.

In connection with approving a specified credit limit, the Bank may ask for additional information relating to the borrower, including, but not limited to, its liquidity management policies and alternative funding sources.

Advances to Borrowers with Credit Risk Ratings of 103 or 104

The Bank may grant new advances to a borrower with a credit risk rating of 103 or 104, but may impose restrictions on term and/or product type and/or loan file delivery requirement as deemed necessary (and such other conditions as the Bank may determine in the future).

De Novo Policy for Depository Institutions

The following de novo policy for depository institutions (banks and credit unions) was established to provide consistency and clarity for those de novo institutions seeking FHLBank Atlanta membership. As such, the following conditions for de novo depository institutions shall apply:

1. Institution must meet the de novo membership criteria set forth within FHFA Regulation 12 CFR 1263.14 – De novo insured depository institution applicants.
2. A de novo bank or credit union will not be assigned a credit risk rating until after it has been in existence for one year and has four quarters of financial data available.
3. A de novo member will be required to pledge cash, securities, and/or loan collateral with higher credit risk rating 103/104 haircuts until a regulatory exam is received and a credit risk rating is assigned.
 - a. Once the regulatory exam is completed, ordered, and received and assuming the CAMELS rating is satisfactory (CAMELS rating of 3 or better), the higher credit risk rating 103/104 haircuts on loan collateral will be removed and the member will receive haircuts on loan collateral in accordance with their credit risk rating.
 - b. A de novo member will not be able to pledge RAFS collateral until a regulatory exam is received with a satisfactory CAMELS rating of 3 or better and the de novo member is assigned a credit risk rating. Once that occurs, RAFS can be pledged as collateral as long as the collateral meets the standard eligibility requirements. Only members with a credit risk rating of 101-102 are eligible to pledge RAFS collateral.
 - c. A de novo member will be able to pledge any and all types of securities as collateral as long as they meet the standard eligibility requirements with the exception of municipal securities. Municipal securities will only be allowed to be pledged after the de novo member has been assigned a credit risk rating and a satisfactory CAMELS rating of 3 or better is received. Once that occurs, municipal securities can be pledged as collateral as long as they meet the standard eligibility requirements. Only members with a credit risk rating of 101-102 are eligible to pledge municipal securities.
 - d. A de novo member will receive the higher credit risk rating 103/104 haircuts on all PLMBS securities, including RMBS and CMBS, until the de novo member is assigned a credit risk rating and a satisfactory CAMELS rating of 3 or better is received. The member will then receive haircuts on these securities in accordance with their new credit risk rating.
4. In general, an initial credit line in the amount of 10 percent of assets will be granted to de novo members. Once the de novo member reports four quarters of financial data and receives a credit risk rating, the de novo member will be eligible for a credit line up to 25 percent of assets in accordance with credit policy as long as the credit risk rating is 101-102.

Advance Funding and Scheduled Repayments

The Bank funds advances at such times on the funding date as the Bank shall determine from time to time, and the Bank requires repayments of advances at such times on the maturity date as the Bank shall determine from time to time.

Prepayment Fees and Other Fees

For a general description of the Bank's prepayment fees and policies, and certain other fees that may be payable to the Bank from time to time, see Appendix B to this Policy.

Non-borrower Users of Bank Services

If a non-borrower member with a credit risk rating of 104 or a housing associate utilize any Bank product or service that could result in Liabilities to the Bank (including, without limitation, standby letters of credit, mortgage purchases, Affordable Housing Program subsidies, cash management services, wire transfers, and safekeeping services (Covered Services)), then such member or housing associate must execute an Advances and Security Agreement, as well as any related documentation such as a Letter of Credit Agreement or Wire Transfer Agreement. Additionally, in order for such non-borrower member or housing associate to borrow, the member or housing associate must (a) either (i) submit a Qualifying Collateral Report to the Bank as may be required by the Bank for each mortgage portfolio pledged; or (ii) pledge cash or securities and (b) maintain at all times Qualifying Collateral that has a Lendable Collateral Value at least equal to the Collateral Maintenance Level required for the then-outstanding Liabilities to the Bank resulting from the member's or housing associate's use of the Covered Services, in each case in accordance with the requirements for borrowers. The requirements set forth in the immediately preceding sentence shall not apply to a member or housing associate that (a) only holds Bank capital stock and/or maintains a balance in its Daily Investment Account at the Bank and (b) does not engage in any of the Covered Services.

Consent to Supervisory Information Sharing

As a condition precedent to Bank membership, each member agrees that reports of examinations by local, state, or Federal agencies or institutions may be furnished by such authorities to the Bank or FHFA upon request, as set forth in 12 U.S.C. §1442(b)(2). Without limiting the foregoing, each Bank borrower that is a state-chartered bank, trust company, or credit union regulated by the Georgia Department of Banking or the South Carolina Office of the Commissioner of Banking (the "Departments") specifically consents to such sharing of reports of examination and other non-public supervisory information by the Departments with the Bank and agrees that both the Departments and the Bank may rely on such consent.

The Bank may, from time to time, share information concerning borrowers from the Bank with applicable federal and state regulators of such institutions. Borrowers are deemed to consent to such information sharing pursuant to this policy in accordance with the Advances and Security Agreement. All such information sharing shall be conducted in conformity with applicable law.

Federal Home Loan Bank of Atlanta Member Privacy and Confidentiality

The Bank is committed to protecting the privacy of its members' customers by maintaining the confidentiality of nonpublic personal information (as that term is defined in the Gramm-Leach-Bliley Act of 1999 and the various implementing federal regulations). The Bank's practices for safeguarding the privacy of any nonpublic personal information received by the Bank from or on behalf of members are summarized below. These key practices represent a variety of processes and procedures implemented by the Bank for the handling of such information and are stated here to assist members with their required regulatory compliance.

- The Bank does not disclose nonpublic personal information about members' customers to third parties, other than for purposes or in a manner authorized by the member or required for legal, accounting, or regulatory purposes, or to third-parties that are providing services to the Bank. The Bank requires such third-party service providers to comply with all applicable privacy laws and keep any nonpublic personal information of members' customers confidential.
- The Bank maintains administrative, physical, and electronic safeguards to help protect the confidentiality of nonpublic personal information received from members about their customers.

Similarly, the Bank is committed to protecting the confidentiality of its members' information. The Bank generally considers member information that is not generally known to the public and that is provided to, or produced by, the Bank in connection with the services to be considered confidential. With respect to the Bank, any information regarding the Bank itself, its customers, member institutions, contractors, users, suppliers, or licensors that is not generally known to the public is considered confidential information. As such, the Bank requires that members will not, and will cause its contractors and agents to not, directly or indirectly, disclose or use any other person's confidential information obtained from or through the Bank, except as expressly authorized in connection with the services provided to the member, or as required by law, and will treat any such information in its possession as confidential information and handle such confidential information as instructed by the Bank.

Waivers and Exceptions

The Bank may, in its sole discretion, waive or otherwise grant exceptions to some or all of the requirements of this Policy. This Policy does not constitute an agreement or contract on behalf of the Bank for the benefit of any borrower, and may not be enforced by any person against the Bank.

Collateral Policies

Defined Terms

Capitalized terms used in this Policy and not otherwise defined are defined in Appendix A.

Collateral Maintenance Level and Lendable Collateral Value

Each borrower must maintain a Collateral Maintenance Level (CML) of Qualifying Collateral that, when discounted to the Lendable Collateral Value (LCV), is equal to at least 100% of the outstanding principal amount of all advances and other Liabilities of the borrower to the Bank.

The LCV is the value that the Bank assigns to Qualifying Collateral for purposes of determining the amount of credit that such Qualifying Collateral will support. The current LCV model for each type of Qualifying Collateral for banks, thrifts, and credit unions is explained in Appendix C and for each type of Qualifying Collateral for insurance companies and other non-insured non-depository institutions (housing finance agencies and community development financial institutions) is explained in Appendix D. For each type of Qualifying Collateral, the Bank discounts the market value (MV) of the Qualifying Collateral to calculate the LCV. The Bank reserves the right to adjust the method of determining the LCV, and the LCV itself, for any borrower as it may deem necessary from time to time.

The Advances and Security Agreement provides for a pledge by the borrower of its entire portfolio of Residential First Mortgage Collateral, Multifamily Mortgage Collateral, Home Equity Lines of Credit (HELOC) and Home Equity Loans (HEL) Collateral, and Commercial Mortgage Collateral to secure all Liabilities under the Agreement. A borrower may be exempted from the requirement to provide a blanket lien on all or certain of these categories of Collateral, and it may be permitted to pledge only specific loans within any other mortgage collateral portfolio, upon approval by the Bank. An additional discount will be applied to any loan portfolio reported without a blanket lien. Borrowers with a credit risk rating of 104, or in default under the Advances and Security Agreement, generally are not permitted such exemptions or granted such approvals.

Qualifying Collateral

Qualifying Collateral means collateral eligible to secure advances and other Liabilities of the borrower to the Bank. The borrower's capital stock, and deposits in unsegregated, unblocked deposit accounts, do not constitute Qualifying Collateral.

Qualifying Collateral includes the following types of whole mortgage loans: Residential First Mortgage Collateral, Multifamily Mortgage Collateral, HELOC and Home Equity Loan Collateral, Commercial Mortgage Collateral, and Farmland Mortgage Collateral.

In order for the mortgage collateral to serve as Qualifying Collateral, it must meet each of the following requirements:

- It has not been identified as held for sale by the borrower (except exclusively to support advances under the Residential Available for Sale program)
- It does not secure an indebtedness on which any director, officer, employee, attorney or agent of the borrower or the Bank is personally liable
- It is not currently past due more than 30 days
- It has not been classified as substandard, doubtful, or loss by the borrower's regulator or its management
- It is not a mortgage on a property encumbered by a private transfer fee covenant created on or after February 8, 2011, unless such covenant is an "excepted transfer fee covenant"¹
- The mortgage loan complies with all applicable laws administered or regulations implemented by the Department of the Treasury's Office of Foreign Assets Control (OFAC)
- Any individual borrower on any underlying loan collateral is legally authorized to be in the United States
- Residential First Mortgage Collateral and HELOC/HEL Collateral must comply with the requirements of the Bank's Guidelines to Promote Responsible Lending as set forth in Appendix E to this Policy, and the Bank's Guidelines for Subprime and Nontraditional Loans as set forth in Appendix F to this Policy

A borrower pledging mortgage collateral must maintain, at all times, possession of the original note and a copy of the recorded mortgage for such collateral. Loans may be held by a third-party custodian subject to terms and conditions acceptable to the Bank, as set forth in the Advances and Security Agreement.

Additionally, any mortgage loan for which any required legal document is missing or which demonstrates inconsistencies, errors, or omissions that could affect the credit quality of the collateral, or the Bank's ability to perfect its security interest in the collateral, may not be included in the pool of Qualifying Collateral.

Both Qualified Mortgages (QM) and Non-Qualified Mortgages (Non-QM), as defined in the Ability to Repay and Qualified Mortgage Standards amendments to the Truth in Lending Act (Regulation Z), shall be accepted as eligible residential mortgage loan and home equity loan collateral beginning on January 10, 2014, the effective date. QM and Non-QM loans will continue to be subject to all other Bank eligibility requirements and will be reviewed for eligibility through the Collateral Verification Review process.

¹ "Excepted transfer fee covenant" means a private transfer fee covenant that requires payment of a private transfer fee to a covered association and limits the use of such transfer fees exclusively to purposes that provide a direct benefit to the real property encumbered by the private transfer fee covenant.

The additional requirements for each type of mortgage collateral to constitute Qualifying Collateral are set forth below.

Residential First Mortgage Collateral

Residential First Mortgage Collateral consists of fully-disbursed (not a construction loan or line of credit), whole first mortgage loans, secured by a first lien on improved one-to-four unit single-family dwellings, including condominiums, planned unit developments (PUDs), town homes, and manufactured/mobile homes, so long as such manufactured/mobile homes are treated as real estate under applicable state law, as demonstrated by an ALTA Form 7 endorsement to a title insurance policy, an acceptable legal opinion, or other evidence acceptable to the Bank. For Residential First Mortgage Collateral to constitute Qualifying Collateral, it must meet each of the following criteria:

- The loan is wholly-owned by the borrower and is free and clear of all liens and encumbrances, including any participation interests
- The loan has a signed borrowing resolution if the obligor is a corporation, partnership, limited liability corporation, etc.
- The loan-to-value (LTV) ratio based on the value of the underlying real estate collateral and including the value of any other loans cross-collateralized by such real estate collateral must meet one of the following criteria:
 - The current LTV (post origination) is greater than 100% and less than 130%. In this scenario, the LTV at origination must have been less than or equal to 100%
 - The current LTV is less than or equal to 100%. In this scenario, the LTV at origination is not considered
- The loan collateral is not cross-collateralized with any loan not pledged to the Bank
- The mortgaged property is not subject to a lien with priority over the lien associated with the pledged loan granted in connection with participation in a Property Assessed Clean Energy (PACE) or similar program

Multifamily Mortgage Collateral

Multifamily Mortgage Collateral consists of fully disbursed (not a construction loan or line of credit) first and second mortgage loans, secured by improved residential multifamily (five or more units) real estate.

For Multifamily Mortgage Collateral to constitute Qualifying Collateral, it must meet each of the following criteria:

- The loan is owned by the borrower and is free and clear of all liens and encumbrances (except for minority, non-controlling participation interests)
- The loan has a signed borrowing resolution if the obligor is a corporation, partnership, limited liability corporation, etc.
- The loan is not guaranteed by any entity that retains control in the event of default (e.g., United States Small Business Administration (SBA), etc.)
- The loan is not secured by a leasehold interest, unless the ground lease is subordinate to the mortgage, and the remaining lease term is equal to or greater than the loan term

- The current loan-to-value ratio is less than or equal to 85 percent of the value of the underlying real estate collateral, including the value of any other loans cross-collateralized by such real estate collateral
- The loan collateral is not cross-collateralized with any loan not pledged to the Bank
- The mortgaged property is not subject to a lien with priority over the lien associated with the pledged loan granted in connection with participation in a PACE or similar program

Multifamily Mortgage Collateral may include second mortgage loans if the following criteria are met for such loans:

- The first and second mortgage loans are secured by the exact same underlying collateral
- The first and second mortgage loans are issued to the exact same borrower(s)
- The member has executed an addendum to its Advances Agreement, which makes clear that the Bank has a lien on both the first and second mortgage loans
- The aggregate of the first and second mortgage loans must be at or below an 85 percent loan-to-value ratio

Commercial Mortgage Collateral

Commercial Mortgage Collateral consists of fully disbursed (not a construction loan or line of credit) first and second mortgage loans, secured by improved office, retail, hotel/motel, industrial/warehouse, or special purpose properties that are not on the ineligible special purpose property list.

For Commercial Mortgage Collateral to constitute Qualifying Collateral, it must meet each of the following criteria:

- The loan is owned by the borrower and is free and clear of all liens and encumbrances (except for minority, non-controlling participation interests)
- The loan has a signed borrowing resolution if the obligor is a corporation, partnership, limited liability corporation, etc.
- The loan is not guaranteed by any entity that retains control in the event of default (e.g., SBA, etc.)
- The loan is not secured by a leasehold interest, unless the ground lease is subordinate to the mortgage and the remaining lease term is equal to or greater than the loan term
- The current loan-to-value ratio is less than or equal to 85 percent of the value of the underlying real estate collateral, including the value of any other loans cross-collateralized by such real estate
- The loan collateral is not cross-collateralized with any loan not pledged to the Bank
- The mortgaged property is not subject to a lien with priority over the lien associated with the pledged loan granted in connection with participation in a PACE or similar program
- The loan is not secured by an ineligible Special Purpose Property, as described in Appendix G

Commercial Mortgage Collateral may include second mortgage loans if the following criteria is met for such loans:

- The first and second mortgage loans are secured by the exact same underlying collateral

- The first and second mortgage loans are issued to the exact same borrower(s)
- The member has executed an addendum to its Advances Agreement, which makes clear that the Bank has a lien on both the first and second mortgage loans
- The aggregate of the first and second mortgage loans must be at or below an 85 percent loan-to-value ratio

Farmland Mortgage Collateral

Farmland Mortgage Collateral consists of fully disbursed first mortgage loans secured by, but not limited to, land used for crops, orchards, livestock production, pasture land, and timber land. The property can include a 1-4 family residence, outbuildings, or other farm buildings but structures are not required to be present. Farming must be the principal use of the land.

For Farmland Mortgage Collateral to constitute Qualifying Collateral, it must meet each of the following criteria:

- The loan is owned by the borrower and is free and clear of all liens and encumbrances (except for minority, non-controlling participation interests)
- The loan has a signed borrowing resolution if the obligor is a corporation, partnership, limited liability corporation, etc.
- The loan is not guaranteed by any entity that retains control in the event of default (e.g., SBA, etc.)
- The current loan-to-value ratio is less than or equal to 85 percent of the value of the underlying real estate collateral, including the value of any other loans cross-collateralized by such real estate
- No value is provided to agricultural products
- The loan collateral is not cross-collateralized with any loan not pledged to the Bank
- The loan collateral must be secured by agricultural property located in the U.S. or its territories used for agricultural purposes
- The mortgaged property is not subject to a lien with priority over the lien associated with the pledged loan granted in connection with participation in a PACE or similar program

Home Equity Lines of Credit (HELOC) and Home Equity Loans (HEL)

HELOC/HEL Collateral consists of first and second lien home equity lines of credit and home equity loans, secured by residential real property on which a one-to-four unit single-family dwelling is located, including condominiums, PUDs, town homes, and manufactured/mobile homes, so long as such manufactured/mobile homes are treated as real estate under applicable state laws, as demonstrated by an ALTA Form 7 endorsement to a title insurance policy, an acceptable legal opinion or other evidence acceptable to the Bank.

For HELOC/HEL Collateral to constitute Qualifying Collateral, it must meet each of the following criteria:

- The loan is wholly-owned by the borrower and is free and clear of all liens and encumbrances, including any participation interests

- The combined loan balance (first and second mortgage) does not exceed 100 percent of the value of the underlying real estate collateral, including the value of any other loan cross-collateralized by such real estate collateral. For HELOCs, the full line amount should be used in the LTV calculation.
- The loan collateral is not cross-collateralized with any loan not pledged to the Bank
- The loan secures a first or second lien on the underlying real estate collateral
- The mortgage is to a borrower that is an individual or individuals
- The mortgaged property is not subject to a lien with priority over the lien associated with the pledged loan granted in connection with participation in a PACE or similar program

Deposits

A borrower's deposit account at the Bank constitutes Qualifying Collateral only if it is in a segregated, blocked account pledged to the Bank. Cash held in the borrower's general deposit accounts does not constitute Qualifying Collateral. The Bank's lien on the borrower's deposit accounts does not include any monies held in connection with a custodial mortgage account.

Government and Agency Securities Collateral

Treasuries (i.e., debt instruments issued by the U.S. Treasury):

- Treasury Bill – A short-term, discounted government debt instrument with a maturity of one year or less
- Treasury Note – A medium-term government debt instrument, issued at par, with a maturity of one to 10 years
- Treasury Bond – A long-term government debt instrument, issued at par, with a maturity of at least 10 years

Agencies (i.e., securities issued by certain governmental institutions and government-sponsored enterprises, e.g., FDIC, NCUA, Fannie Mae, Freddie Mac, FHLBanks, Ginnie Mae, Federal Farm Credit):

- Discount Note – An unsecured general corporate obligation, issued at a discount that has an original term of less than one year
- Debenture Note or Bond – An unsecured note or bond that has an original term of one year or more
- Agency Mortgage-Backed Security (MBS) Passthrough – A debt instrument that is collateralized by a pool of residential or multifamily real estate loans. The mortgage payments of the individual real estate assets are used to pay principal and interest on the bond
- Agency Collateralized Mortgage Obligation (CMO) or Real Estate Mortgage Investment Conduit (REMIC) – A type of mortgage-backed security that pays a specified share of the cash flows from an underlying mortgage pool
- Uniform Mortgage-backed Securities (UMBS) – Mortgage-backed security issued and guaranteed by either Fannie Mae or Freddie Mac and backed by fixed-rate 30-, 20-, 15-, or 10-year single-family mortgage loans
- SBA pool certificates – Debt instruments issued by the SBA, which are collateralized by loans or debentures guaranteed by the SBA so long as such guarantee is backed by the full faith and credit of the United States

- FDIC and NCUA guaranteed notes – Notes issued or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) that are backed by the full faith and credit of the United States, including resecuritizations of Private Label Mortgage-Backed Securities (PLMBS) guaranteed by the FDIC or NCUA
- Ginnie Mae Home Equity Conversion Mortgage Securities (HECMS) – A type of security collateralized by reverse mortgages and backed by the full faith and credit of the United States

Non-Agency Securities Collateral

Municipal Securities

Municipal Securities (Munis) constitute Qualifying Collateral if they are rated single A (or equivalent) or better and maintain stable market pricing. For example, a decline of 500 basis points or more over a one week timeframe would be considered unstable. In compliance with regulatory requirements, all eligible municipal securities must also be real estate-related. If a security is partially real estate-related, a pro-rata real estate percentage will be applied to any pledged amount.

Residential Mortgage-Backed Securities

Non-agency residential mortgage-backed securities (RMBS), also referred to as private label MBS (PLMBS), and privately placed RMBS, constitute Qualifying Collateral if they are rated AA (or equivalent) or better and the most recent rating is investment grade.

For PLMBS acquired after July 10, 2007, the PLMBS shall not have been issued as subprime, contain any non-traditional loans such as interest only, negative amortization, or payment option adjustable-rate mortgage (ARM) loans, or have more than 5% of the loans with FICO scores below 660 to be eligible to pledge as collateral for Advances. PLMBS acquired after July 10, 2007, that are otherwise eligible collateral will be subject to an additional 5% discount if any loans with FICO scores below 660 are present in the underlying collateral.

For private placement, if any of the loans are subprime or non-traditional, the Bank will only consider the security for collateral if the information available for the security confirms either of the following:

- Underlying loans were fully underwritten evaluating the borrower's ability to repay on a fully indexed basis, or
- Mitigating factors are determined through review of the underlying loan data

The price of all non-agency RMBS will be reviewed as part of ongoing eligibility monitoring. The Bank will use the following price thresholds in determining ongoing non-agency RMBS eligibility:

- If the price of a non-agency RMBS is less than 60 (based on par value=100) at the time of review, the security will be ineligible
- If the price of a non-agency RMBS is between 60 and 75 at the time of review, the Bank will conduct further analysis to determine eligibility. Such additional analysis will include examining the Problem Loans to Credit Support ratio for the security. If this ratio is more than 1.5 or if the data is unavailable, the non-agency RMBS will be ineligible

Commercial Mortgage-Backed Securities

Commercial mortgage-backed securities (CMBS), including private placement CMBS, will constitute Qualifying Collateral if the CMBS is a domestic conduit CMBS, rated AA (or equivalent) or better, and the most recent rating is investment grade. A member may not pledge a CMBS issued by itself or any of its affiliates.

Asset-Backed Securities Secured by HELOC/HEL Loan Collateral

The senior tranche of private label and agency securities backed by home equity loans and lines of credit constitutes Qualifying Collateral if rated AAA (or equivalent), and the most recent rating must be investment grade.

Physical Securities

Physical securities (i.e. securities issued in paper certificate form) pledged as Qualifying Collateral are subject to all requirements set forth in the Credit and Collateral Policy. This includes, but is not limited to, the requirement that pricing for any physical security is readily available to the Bank (from its pricing service) and factor updates, if applicable, are readily available in a timely manner to the Bank (from its safekeeping custodian). In addition, the physical securities must be satisfactory to the Bank and, if not, the Bank may refuse to accept such securities as Qualifying Collateral or may assign, in the Bank's sole discretion based on case-by-case review of the characteristics of a security, a Lendable Collateral Value less than the Lendable Collateral Value otherwise applicable under the Credit and Collateral Policy.

Ineligible Securities

Securities that do not constitute Qualifying Collateral include, but are not limited to:

- Agency or non-agency security tranche types: Interest Only (IO), Principal Only (PO), Inverse Floaters (INV), Zero-Coupon or Accrual Bonds (Z tranche), Residual, Rake
- Non-agency PLMBS acquired after July 10, 2007, that are issued as subprime, contain any non-traditional loans (e.g., interest only, negative amortization, or payment option ARMs) or have more than 5% of the loans with FICO scores below 660
- Subordinate or Mezzanine
- Corporate Bonds
- Commercial Paper
- Certificates of Deposit
- Preferred and Common Stock
- Any security for which pricing is not readily available to the Bank
- Securities backed by student loans

Collateral Reporting and Mechanics

A borrower with a credit risk rating of 101 or 102 must submit a Qualifying Collateral Report (QCR) on a quarterly basis within 30 days of each calendar quarter end, except for QCRs for HELOC/HEL Collateral, which are due within 30 days of each calendar month end. The Bank, in its discretion, may require more frequent reporting.

A borrower with a credit risk rating of 103 or 104 may be required to provide a monthly QCR within 30 days of each calendar month end, and may be required to provide increased collateral detail. Borrowers with extensions of credit from the Bank of \$1 billion or more will be required to 1) submit, on a monthly basis, loan-level reports for Residential First mortgage loans and HELOC/HEL Collateral and 2) report level 2 or 3 for Commercial Real Estate and Multifamily collateral reported to the Bank for purposes of Qualifying Collateral.

Delivery of Collateral

The Bank may require the delivery of pledged mortgage collateral at such times as a member's credit risk rating is 103 or higher, or such other times as deemed necessary in the Bank's discretion, in order to receive collateral value. Loan file delivery will be required for members with a credit risk rating of 104 if they maintain that credit risk rating of 104 for two consecutive quarters or if severe deterioration occurs in one quarter. Members with a CAMELS composite rating of "5" on the most recent examination report on file with the FHLBank Atlanta will also be required to deliver loan files. In addition, all credit unions that have a two quarter average asset size of less than \$20 million will be required to deliver loan files.

Non-Insured Non-Depository Institutions, including housing associates, Community Development Financial Institutions (CDFI), and Insurance Companies, regardless of their risk rating, will also be required to deliver loan files in order to receive collateral value.

The Bank requires delivery at all times of cash and securities pledged to the Bank as collateral.

Status Reports

A borrower required to provide increased collateral detail or deliver collateral must submit to the Bank, at such times as the Bank may request, a status report with respect to the borrower's collateral, prepared in form and substance acceptable to the Bank. The status report shall be a written report covering such matters regarding the collateral as the Bank may require, including listings of mortgages and unpaid principal balances thereof, and certifications concerning the status of payments on mortgages and of taxes and insurance on property securing mortgages. The borrower must submit the status report to the Bank within 30 days of each calendar quarter end or month end, as applicable.

Collateral Monitoring and Compliance

Each borrower is responsible for monitoring its compliance with the Bank's collateral requirements at all times. The Bank's CVR process, discussed in detail below, supplements this responsibility. The borrower's collateral position must be in compliance with the requirements of this Policy, prior to the funding of an advance. Accordingly, each borrower should establish sufficient Qualifying Collateral to meet its CML requirement prior to participating in the Bank's credit programs.

The Bank reserves the right to accept, reject, or ascribe such value to Qualifying Collateral as deemed necessary or appropriate to protect the security interest of the Bank, based upon the borrower's creditworthiness, the quality of the collateral, or other factors. The Bank must be able to perfect its security interest in all collateral and shall, as appropriate, file a UCC-1 financing statement with respect to collateral pledged to the Bank.

Collateral Verification Reviews

Periodically, the Bank, or an entity retained by the Bank, will review a borrower's loan collateral pledged to the Bank. During such review, the Bank also analyzes the borrower's loan documentation and administration processes and controls. Generally, the Bank conducts such review at a location of the borrower, but it may conduct such review at a different location using copies of documents in the borrower's files.

The Bank determines the frequency and type of CVR required for a particular borrower based on its evaluation of various risk factors including, but not limited to:

- The amount of the Bank's credit exposure to the borrower
- Potential concerns regarding the borrower's credit risk to the Bank

Generally, the Bank will review each borrower at least once every four years. Certain members may be reviewed more frequently.

Exception Rates for Collateral Verification Reviews and Extrapolation

The Bank has established exception rates for CVRs to assist in evaluating and managing the potential risks that may exist in a borrower's pledged collateral portfolios. The number of loans in a sample portfolio for which a borrower is unable to resolve exceptions noted during a CVR is used to determine the final exception rate for that portfolio. The Bank reduces the amount of a borrower's eligible collateral based on the final exception rate, or extrapolation rate, for each loan portfolio reviewed. The Bank considers an exception material if it would hinder the Bank's ability to either perfect its security interest in the loan or sell the loan in the event of liquidation.

For a newly pledged loan portfolio that has not been reviewed through the CVR process, the Bank will apply an extrapolation rate that is equal to the median extrapolation rate for all reviewed portfolios of the same loan type. For example, a newly pledged Residential First Mortgage Collateral portfolio will receive an extrapolation rate equal to the median extrapolation rate for all reviewed Residential First Mortgage Collateral portfolios. The median rate will be replaced with the actual extrapolation rate upon the initial CVR of the portfolio.

Requirements for use of Collateral of an Affiliate

The Bank may allow an affiliate of a borrower to pledge collateral on behalf of the borrower in the Bank's discretion, subject to each of the following conditions:

- The affiliate is controlled by, controls, or is in common control with the borrower
- The affiliate has no outside debt or other liabilities for borrowed money, except as permitted by the Bank
- The Bank obtains and maintains a legally enforceable security interest in the affiliate collateral pursuant to which the Bank's legal rights and privileges are functionally equivalent in all material respects to those the Bank would possess in the borrower's collateral
- The documentation for an affiliate collateral pledge is acceptable to the Bank and consistent with the functional equivalence requirement above.

Requirements for Use of Residential Available for Sale

Generally, to be eligible to pledge Residential Available for Sale (RAFS) program, each of the following conditions must be met:

- The borrower's credit risk rating must be 103 or better
- The borrower must have executed the Bank's Advances and Security Agreement and must not have opted-out of the blanket lien on its Residential First Mortgage Collateral
- The borrower must have completed a Residential Available for Sale Questionnaire and been approved by the Bank
- The borrower must have previously had a satisfactory Collateral Verification Review (CVR). Satisfactory is defined as having a final extrapolation rate on the Residential portfolio that is less than 15%. Exceptions to the 15% may be granted by Credit and Collateral management on a case-by-case basis where warranted.
- A CVR will be performed twice per year on this portfolio.
- The borrower's investors must be acceptable to the Bank.
- A CVR of the RAFS collateral is required prior to the borrower receiving lendable collateral value for the RAFS loans.

LCV and Eligibility Criteria

Loans must meet the following criteria to be pledged as RAFS collateral:

- Loans must be fully-disbursed, wholly-owned first mortgage loans secured by a first lien on improved one-to-four unit single family dwellings, including primary residences, second homes, and investment properties
- Loans must not include subprime or non-traditional characteristics
- Loans must be underwritten to the guidelines of the borrower's investor(s)
- Loans must be appropriately identified as being held for sale in the borrower's periodic financial regulatory reporting
- The characteristics of the RAFS loans must be consistent with loans commonly acceptable for sale into the secondary market.

Ineligible Collateral

The following Collateral is not eligible to secure RAFS advances:

- Nontraditional or subprime loans
- Loans pledged for a period greater than 90 days
- Loans that are not fully disbursed, including, but not limited to, construction loans or lines of credit
- Revolving lines of credit
- Loans with a loan-to-value ratio greater than 100 percent, based on the lesser of the purchase price or appraised value, with the exception of: HARP loans, VA loans with the funding fee and other allowable costs added to the loan amount and financed as part of the transaction, and USDA Rural Development loans with the 2% guaranty fee added to the loan amount and financed as part of the transaction
- Participation interests in any loan, or loans in which participation interests have been sold

- Loans past due more than 30 days, or adversely classified loans
- Loans pledged to secure any other borrowings
- Loans to any director, officer, any employee, attorney or agent of the borrower or the Bank, or loans held in a third party subsidiary
- Loans with document deficiencies, such as lack of an original note or copy of a recorded mortgage instrument, missing a signed borrowing resolution if the borrower is a corporation, partnership, LLC, or other corporate entity
- Loans that do not conform to the requirements of the Bank's Guidelines to Promote Responsible Lending as set forth in Appendix E to this Policy, and Guidelines for Subprime and Nontraditional Loans, as set forth in Appendix F to this Policy
- Loans secured by mobile or manufactured homes that do not constitute real property under state law
- Loans that do not have the Standard Flood Hazard Determination Form and/or do not meet minimum flood insurance requirements
- Loans with PACE liens
- Loans secured by security instruments containing private transfer fee covenants
- Loans that do not meet any other requirement to constitute Qualifying Collateral.

Monitoring/Periodic Review

- The Bank will conduct periodic CVRs relating to the RAFS collateral, with or without notice. The Bank will conduct quarterly internal compliance reviews and may, in its sole discretion, discontinue a borrower's use of RAFS collateral at any time.

Collateral Requirements for Non-Insured Non-Depository Institution Members

Non-insured non-depository institution members (including insurance companies (Insurance) and certain community development financial institutions (CDFI)) borrowing from the Bank are subject to each of the following additional requirements:

- Certain securities are permitted as Qualifying Collateral for all Non-Insured Non-Depository Institutions. Eligible loan collateral is also allowed under limited circumstances.
 - Insurance companies and CDFIs are restricted to reporting only 1-4 family residential first mortgage loans, farmland loans, multifamily loans, and commercial real estate loans.
 - Insurance companies must be subject to the laws and regulations of states that have passed legislation favorable to the treatment of Federal Home Loan Bank obligations in resolution before being allowed to report loan collateral. They must also report their financial results to the NAIC.
 - Insurance companies and CDFIs must have a current risk rating of 101 or 102 to report loan collateral.
 - Loan collateral must be fully delivered.
 - A sample of loan collateral would be selected for review for eligibility requirements before lendable collateral value is applied.
 - Additional haircuts and requirements may apply.
- Securities pledged as Qualifying Collateral shall be subject to a minimum 2% additional discount to the LCV applied to securities pledged by insured depository institutions,

however certain insurance companies are exempt from this additional 2% discount under limited circumstances

See Appendix D-1 for further details regarding Qualifying Collateral for non-insured non-depository institution members.

Collateral Requirements for Housing Associates

Housing associates borrowing from the Bank are subject to each of the following additional requirements:

- Housing associates are permitted to pledge FHA-insured mortgage loans, and securities backed only by FHA-insured mortgage loans, as Qualifying Collateral.
- In addition, a housing associate that qualifies as a “state housing finance agency” as defined in 12 CFR §1264.1 (SHFA) is also permitted to pledge the following types of collateral as Qualifying Collateral: cash, securities (other than municipal securities), 1-4 family residential first mortgage loans, and multifamily loans. By pledging any of the foregoing types of collateral to the Bank, a housing associate thereby certifies to the Bank as follows:
 - that the housing associate qualifies as an SHFA; and
 - that any advance or letter of credit issued for the account of the housing associate is for the purpose of facilitating residential or commercial mortgage lending that benefits individuals or families meeting the income requirements in section 142(d) or 143(f) of the Internal Revenue Code (26 U.S.C. 142(d) or 143(f)).
- Housing associates must have a credit risk rating of 101 or 102 to report loan collateral.
- Loan collateral must be fully delivered.
- A sample of loan collateral would be selected for review for eligibility requirements before lendable collateral value is applied.
- Additional haircuts and requirements may apply.
- Securities pledged as Qualifying Collateral shall be subject to a minimum 2 percent additional discount to the LCV applied to securities pledged by insured depository institutions.

See Appendix D-2 for further details regarding Qualifying Collateral for housing associates.

Collateral Requirements for Derivative Contracts

Members entering into derivative contracts with the Bank generally must collateralize the exposure of the Bank to the member under such contracts. The member must enter into an ISDA master agreement and schedule with the Bank.

The required collateral for the Bank’s exposure under an interest rate cap or floor must have an LCV equal to not less than 0.5 percent of the notional principal amount of the contract, plus the net exposure to the Bank under the cap or floor.

Interest rate swap exposure is included in the calculation of the overall credit limit and must be fully collateralized as outlined below.

- For maturities less than one year: Market value of swap + 0 percent of notional principal of the swap
- For maturities between one and less than five year(s): Market value of swap + 0.5 percent of the notional principal of the swap
- For maturities greater than five years: Market value of swap + 1.5 percent of the notional principal of the swap

Use of Alternate Interest Rate Indices Upon Termination of Original Index

The interest rates on the Bank's credit products are calculated based on a variety of interest rate indices as specified in the confirmation for each credit product. The Bank acts as the calculation agent for all of its credit products.

The Bank may be required to substitute an alternative interest rate index and adjustment spreads for outstanding and future transactions in the event that an existing index has been permanently discontinued or materially changed, or the authorization of the relevant administrator for an index has been suspended, withdrawn, or rejected.

The determination of a cessation or modification of an existing index, or non-approval of necessary authority for the administrator of an index, and the change to an alternate rate and/or index and addition of necessary adjustment spreads will be made by the Bank in its commercially reasonable discretion. As required the Bank will apply generally the standards set forth in the International Organization of Securities Commissions (IOSCO) Statement on Matters to Consider in the Use of Financial Benchmarks, dated December 4, 2017, and relevant documentation on this topic published by the International Swaps & Derivatives Association (ISDA) with due consideration and appropriate adjustment for the nature of the Bank's relationship with its borrowers. The change will be applied uniformly to all similar credit product offerings or commitments, whether presently outstanding or to be issued. A change will become effective upon three business days' advance written notice to the impacted borrowers.

Natural Disaster Relief

Members whose principal place of business, borrowers, or collateral loan files are located within a designated disaster area may request the following collateral relief:

Collateral Reporting

The member may postpone their scheduled loan collateral reporting requirement for up to six months from the date of disaster designation. The member must have a current credit risk rating of between 101 and 103 and must reasonably attest as to why they cannot comply with the required reporting schedule.

Collateral Verification Review (CVR)

The member may postpone their scheduled CVR for up to 18 months from the date of disaster designation. The member must have a current credit risk rating of between 101 and 103 and must reasonably attest as to why they cannot comply with the scheduled CVR timeframe.

Loan Collateral under a Forbearance Agreement

The Bank will accept loan collateral up to 90 days contractually delinquent provided that the member has extended the same forbearance, or greater, to the borrower, i.e., the member is not requiring the borrower to make the required payments on the mortgage.

All such requests must be approved by the Bank's Credit and Collateral Committee (CCC). The CCC will determine if a given natural disaster qualifies as such and what areas are affected. Requests and approvals for collateral relief will be reported to the Bank's board of directors.

APPENDIX A – Defined Terms

The following defined terms are taken from the Bank’s standard form of Advances and Security Agreement (the “**Agreement**”).

“**Act**” means the Federal Home Loan Bank Act, as now and hereafter amended, modified, supplemented or restated.

“**Advances**” means any and all loans or other similar extensions of credit, heretofore, now or hereafter granted by the Bank to, on behalf of, or for the account of, the Borrower.

“**Affiliate**” means an affiliate of the Borrower which (a) has been accepted by the Bank, in its sole discretion, as a person which may pledge collateral to the Bank and otherwise support the obligations of the Borrower to the Bank hereunder and (b) has entered into a Joinder Agreement. The Affiliate and the Borrower are hereinafter jointly referred to as the “Obligors.”

“**Application**” means an application or other writing, in such form or forms as shall be specified by the Bank from time to time, by which the Borrower requests an Advance or a Credit Product, and by which an Obligor requests a Derivative Transaction or an Other Product.

“**Borrowed Money**” means, with respect to any Person, without duplication (a) all indebtedness for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP, (d) any obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof or evidenced by a note or other instrument), (e) all Borrowed Money of others secured by (or for which the holder of such Borrowed Money has an existing right, contingent or otherwise, to be secured by) any lien on, or payable out of the proceeds of production from, any property or asset owned, held or acquired by such Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, (f) all guaranty obligations of such Person in respect of any Borrowed Money of any other person, (g) the maximum amount of all standby letters of credit issued or bankers’ acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (h) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product plus any accrued interest thereon, and (i) the Borrowed Money of any partnership or unincorporated joint venture in which such Person is a general partner or joint venturer.

“**Borrowing Documents**” means the Agreement (as amended by any and all Joinder Agreements and any and all Collateral Pledge Amendments), all Applications, all Confirmations, and all Supplemental Documentation.

“Capital Stock” means all of the capital stock in the Bank held by the Borrower and all payments which have been or hereafter are made on account of subscriptions to and all unpaid dividends on such capital stock.

“Collateral” means (i) all property, including the products and proceeds thereof, heretofore assigned, transferred or pledged to the Bank by any Obligor as collateral for an Advance, a Credit Product, a Derivative Transaction, an Other Product or any other Liability prior to the date hereof and (ii) all Capital Stock, Deposits, Residential First Mortgage Collateral, Commercial Mortgage Collateral, Multifamily Mortgage Collateral, Farmland Mortgage Collateral, Government and Agency Securities Collateral, HELOC and Home Equity Loan Collateral, Other Securities Collateral and Other Collateral, including the products and proceeds thereof, which is now or hereafter pledged to the Bank pursuant to Section 3.01 of the Agreement or any Joinder Agreement.

“Collateral Maintenance Level” means the aggregate dollar amount equal to such percentage(s) as the Bank may specify from time to time of all Liabilities (1) for Advances and Credit Products; (2) with respect to Derivative Transactions for which an Obligor is required to maintain Collateral; and (3) with respect to any Other Product or under any Borrowing Documents. The Bank may increase or decrease the Collateral Maintenance Level at any time as provided in the Credit and Collateral Policy, and such increase or decrease, as specified by the Bank, will apply to all existing as well as after-arising Liabilities.

“Collateral Pledge Amendment” means a Collateral Pledge Amendment, substantially in the form attached as Exhibit B to the Agreement, whereby the Obligors and the Bank have agreed to amend the collateral pledge provisions of Section 3.01(ii) of the Agreement as provided therein.

“Commercial Mortgage Collateral” means all notes, bonds, instruments, mortgages, deeds of trust, deeds to secure debt, security agreements, policies and certificates of insurance, guarantees, evidences of recordation, applications, underwriting materials, surveys, appraisals, approvals, permits, notices, opinions of counsel, loan servicing data, and all other electronically stored and written records or materials relating to fully-disbursed loans held by any Obligor secured by a first lien or second lien (under limited circumstances) on property improved by one or more commercial buildings, together with all rights and interests associated with such loans and documents, including all legal, beneficial, residual and servicing rights, and any endorsements or assignments thereof.

“Confirmation” means a confirmation, in such form or forms as the Bank may generate from time to time, by which the Bank agrees to, confirms and provides any additional terms with respect to any Advance, Credit Product, Derivative Transaction, or Other Product.

“Credit and Collateral Policy” means the policies and procedures of the Bank governing the administration of its credit and other programs, including the requirements for maintenance of collateral to secure extensions of credit by the Bank, as any such policies and procedures may be amended, supplemented, restated or otherwise modified from time to time hereafter, in accordance with Section 6.01 of the Agreement.

“Credit Products” means any and all commitments or obligations under which the Bank agrees to make payments on behalf of or for the account of the Borrower, including letters of credit, guarantees, or other arrangements intended to facilitate transactions between the Borrower and third parties, or under which the Bank enters into a credit or financial accommodation, agreement or other arrangement with the Borrower, irrespective of whether the Bank’s obligation is contingent or conditional.

“Deposits” means all deposit accounts maintained by any Obligor with the Bank, all money, cash, checks, drafts, notices, bills, bills of exchange, and bonds deposited therein or credited thereto, any increases, renewals, extensions, substitutions and replacements thereof, whether or not deposited in any such deposit account and all statements, certificates, passbooks, and instruments representing any such deposit account.

“Derivative Transactions” means all interest rate swaps, all interest rate caps, floors and collars, all currency exchange transactions, all options, and all similar transactions entered into between the Bank and any Obligor.

“Farmland Mortgage Collateral” means all notes, bonds, instruments, mortgages, deeds of trust, deeds to secure debt, security agreements, chattel paper, electronic chattel paper, and documents relating to, policies and certificates of insurance, guarantees, evidences of recordation, applications, underwriting materials, surveys, appraisals, approvals, permits, notices, opinions of counsel, loan servicing data and all other electronically stored and written records or materials relating to fully-disbursed loans held by any Obligor secured by property improved for the operation of farms or agri-businesses, together with all rights and interests associated with such loans and documents, including all legal, beneficial, residual and servicing rights, and any endorsements or assignments thereof.

“Finance Agency” means the Federal Housing Finance Agency, or any predecessor or successor entity.

“GAAP” means generally accepted accounting principles.

“Government and Agency Securities Collateral” means mortgage-backed securities (including participation certificates) issued by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, obligations guaranteed by the Government National Mortgage Association, and obligations issued or guaranteed by the United States or an agency thereof.

“HELOC and Home Equity Loan” means all notes, bonds, instruments, mortgages, deeds of trust, deeds to secure debt, security agreements, policies and certificates of insurance or guarantees, evidences of recordation, applications, underwriting materials, surveys, appraisals, approvals, permits, notices, opinions of counsel and loan servicing data and all other electronically stored and written records or materials relating to home equity lines of credit held by any Obligor, loans held by any Obligor secured by a first or second lien on one-to-four unit single-family dwellings, or other similar loans held by any Obligor which have not been fully disbursed, together with all rights and

interests associated with such loans and documents, including all legal, beneficial, residual and servicing rights, and any endorsements or assignments thereof.

“Joinder Agreement” means a joinder agreement whereby an Obligor has agreed in writing to be primarily, jointly and severally liable for all obligations of all of the Obligors to the Bank under this Agreement and to pledge Collateral satisfactory to the Bank as security for such obligations.

“Lendable Collateral Value” means an amount equal to such percentage as the Bank shall from time to time, in its sole discretion, ascribe in the Credit and Collateral Policy to the market value (as the Bank may specify or define) of Qualifying Collateral.

“Liabilities” means all fees, expenses, obligations, liabilities, or indebtedness of any Obligor to the Bank, due or to become due, direct or indirect, absolute or contingent, joint or several, now existing or hereafter at any time created, arising or incurred, under this Agreement, any Application, Confirmation, Supplemental Documentation, Advance, Derivative Transaction, Credit Product, Other Product or Deposit, including any overdrafts or other charges in connection therewith, or under any other obligation for any other service provided by the Bank, including any obligations under indemnification provisions in any agreement or document between any Obligor and the Bank, and any renewal, extension or substitution of any such obligations, liabilities and indebtedness, including reasonable attorneys’ fees of the Bank in the collection thereof and the enforcement of any remedies with respect to any Collateral therefor.

“Material Adverse Effect” means (a) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of any Obligor, or (b) the impairment of the ability of any Obligor to perform its obligations under any Borrowing Document to which it is a party or of Bank to enforce any Borrowing Document or collect any of the Liabilities. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events would result in a Material Adverse Effect. In determining whether an event would result in a Material Adverse Effect on any Affiliate, a Material Adverse Effect shall be deemed to have occurred with respect to such Affiliate if the effect of such event would result in a Material Adverse Effect on the Borrower and such Affiliate, taken as a whole.

“Multifamily Mortgage Collateral” means all notes, bonds, instruments, mortgages, deeds of trust, deeds to secure debt, security agreements, policies and certificates of insurance, guarantees, evidences of recordation, applications, underwriting materials, surveys, appraisals, approvals, permits, notices, opinions of counsel, loan servicing data and all other electronically stored and written records or materials relating to the fully-disbursed loans held by any Obligor secured by a first lien or second lien (under limited circumstances) on property improved by one or more multifamily buildings, together with all rights and interests associated with such loans and documents, including all legal, beneficial, residual and servicing rights, and any endorsements or assignments thereof.

“Obligors” means, collectively, the Borrower and any Affiliate joined hereunder as provided herein.

“Other Collateral” means such items of personal property, other than Capital Stock, Deposits, Residential First Mortgage Collateral, Commercial Mortgage Collateral, Multifamily Mortgage Collateral, Government and Agency Securities Collateral, HELOC and Home Equity Loan Collateral, and Other Securities Collateral, that are offered by any Obligor as Collateral and are specifically accepted by the Bank as Collateral; provided, Other Collateral may from time to time include specific items of Residential First Mortgage Collateral, Commercial Mortgage Collateral, Multifamily Mortgage Collateral and HELOC and Home Equity Loan Collateral which are identified and offered by an Obligor as Collateral and are specifically accepted by the Bank as Collateral.

“Other Products” means all products and services, other than an advance, Credit Product or Derivative Transaction, offered by the Bank to any Obligor from time to time, including correspondent banking services, mortgage purchase programs and affordable housing and community investment products and services.

“Other Securities Collateral” means securities (other than Government and Agency Securities Collateral) representing unsubordinated interests in, or collateralized by first lien security interests in, both the interest and principal payments on first lien residential mortgages.

“Person” means an individual, partnership, corporation, trust, joint venture, joint stock company, limited liability company, association, unincorporated organization, governmental authority, or any other entity.

“Qualifying Collateral” means Collateral, other than Capital Stock and Deposits, which is eligible as collateral to support the origination of Advances, Credit Products, Derivative Transactions, and Other Products under the terms and conditions of the Act, the Regulations and the Credit and Collateral Policy, and which satisfies such other requirements for lending as may be established by the Bank.

“Regulations” means the regulations, and other supervisory materials, promulgated by the Finance Agency from time to time.

“Residential First Mortgage Collateral” means all notes, bonds, instruments, mortgages, deeds of trust, deeds to secure debt, security agreements, policies and certificates of insurance or guarantees, evidences of recordation, applications, underwriting materials, surveys, appraisals, approvals, permits, notices, opinions of counsel and loan servicing data and all other electronically stored and written records or materials relating to fully-disbursed loans held by any Obligor secured by a first lien on one-to-four unit single family dwellings, together with all rights and interests associated with such loans and documents, including all legal, beneficial, residual and servicing rights, and any endorsements or assignments thereof.

“Supplemental Documentation” means any document, agreement or other writing (other than this Agreement) between the Bank and an Obligor relating to Deposits, Advances, Credit Products, Derivative Transactions and Other Products, including reimbursement agreements, mortgage purchase documents, wire transfer agreements, automated clearinghouse agreements, agreements related to the loans held for sale program, International Swap Dealers Association (“ISDA”) master agreements, schedules to ISDA master agreements and credit support annexes to ISDA master agreements.

APPENDIX B – Prepayment Policy

Any advance with an interest rate that is fixed during any period or interval normally shall be subject to a prepayment fee in the event of full or partial repayment of advance principal prior to maturity or the expiration of any interim interest rate period. The prepayment provisions applicable to each advance shall be set forth in the confirmation for that advance.

Adjustable Rate Credit Advances

An Adjustable Rate Credit (ARC) advance normally shall be subject to a flat fee equal to the greater of (a) 5 basis points per annum of the amount repaid or (b) a per annum fee equal to the difference in the spread for the advance being repaid and the spread for a new Adjustable Rate Credit advance issued on the date of repayment in the amount outstanding and for the term remaining on the advance being repaid, multiplied by the amount being repaid, each calculated on the basis of a three hundred sixty (360) day year. The Bank normally will not assess a prepayment fee on an ARC advance that is restructured in whole prior to its stated maturity date so long as (a) the stated maturity date of the restructured advance falls on or after the stated maturity date of the original advance and (b) the interest rate spread (i.e., the spread to the applicable rate index) on the restructured advance is equal to or greater than the spread on the original advance.

Fixed Rate Advances

For advances with terms of 12 months or greater and notional amounts of \$1 million or more

Prepayment fee generally is equal to the Bank's cost of unwinding the transaction plus an administrative fee. Please consult the advance confirmation for additional details regarding the specific prepayment option on the advance.

For advances with terms of less than 12 months or notional amounts of less than \$1 million

A fixed rate advance (other than an Affordable Housing Program (AHP) or Economic Development and Growth Enhancement Program (EDGE) fixed rate advance) normally shall be subject to a non-symmetrical prepayment fee equal to the present value of the daily lost cash flow to the Bank, based upon the difference between the contract rate on the advance and the rate for a new advance of the same type with the same remaining maturity; discounted at the current offering rate. If a fixed rate advance was granted on or after May 23, 1994, and it was eligible for cost-based pricing, the rate used to calculate the prepayment fee shall be the posted rate on the date of prepayment that corresponds to the original advance amount.

The minimum prepayment fee for a fixed rate advance (other than an AHP or EDGE fixed rate advance) shall be as follows:

- | | |
|--|--|
| 1. If the remaining maturity of the advance is 12 months or less | The greater of the present value-based fee or 12.5 advance basis points per annum on the prepaid amount. |
| 2. If the remaining maturity of the advance exceeds 12 months | The greater of the present value-based fee or a flat fee of 25 basis points on the prepaid amount. |

The calculation of the prepayment fee for any fixed rate Principal Reducing Credit advance (including an AHP or EDGE advance) shall take into account future scheduled principal reductions. An EDGE advance granted before March 25, 2005, and any AHP advance shall be subject to a prepayment fee equal to the present value of the daily lost cash flow to the Bank, based upon the difference between the cost of funds originally used to calculate the interest subsidy incorporated into the advance and the rate for a new unsubsidized fixed rate advance of comparable size with the same remaining maturity, discounted at the current offering rate. For an illustration of how this prepayment fee is calculated, please see Example # 1 below.

An EDGE advance granted on or after March 25, 2005, shall be subject to a prepayment fee equal to the present value of the daily lost cash flow to the Bank, based upon the difference between the rate, as of the date of the EDGE advance, for an unsubsidized fixed rate advance of comparable size with the same maturity, and the rate, as of the date of prepayment, for a new unsubsidized fixed rate advance of comparable size with the same remaining maturity, discounted at the current offering rate. For an illustration of how this prepayment fee is calculated, please see Example # 2 below.

A prepayment request received after 11 a.m. ET for an advance with remaining maturity up to 12 months, or after 3 p.m. ET on the previous business day, for an advance with remaining maturity greater than 12 months, may be deferred until the following day.

Example #1

Assume a borrower obtained a fixed rate AHP advance having the original terms set forth below:

Date of advance	--	February 1, 2008
Principal amount	--	\$100,000
Scheduled maturity	--	10 years
Contract interest rate	--	2.00 percent
Bank's cost of funds on February 1, 2005	--	4.00 percent
Payment terms	--	No amortization prior to maturity, interest payable annually

If, on February 1, 2017, the borrower were to prepay the entire \$100,000 advance in full, and the Bank's offering rate as of that date for a new unsubsidized fixed rate advance of comparable size with the same remaining maturity (i.e., one year) were 3.00 percent, then the amount of the prepayment fee would be \$985.11, calculated as set forth below:

$$\text{Lost cash flow} = \{\$100,000 * [0.04 - 0.03]\} = \$1,000$$

Present value (as of prepayment date) of \$1,000 lost cash flow, discounted on a daily basis at an annual rate of 3.00 percent = \$985.11

Example #2

Assume a borrower obtained a fixed rate EDGE advance having the original terms set forth below:

Date of advance	--	June 1, 2013
Principal amount	--	\$100,000
Scheduled maturity	--	5 years
Contract interest rate	--	2.00 percent
Bank's unsubsidized market rate on June 1, 2010	--	4.25 percent
Payment terms	--	No amortization prior to maturity, interest payable annually

If, on June 1, 2017, the borrower were to prepay the entire \$100,000 advance in full, and the Bank's offering rate as of that date for a new unsubsidized fixed rate advance of comparable size with the same remaining maturity (i.e., one year) were 3.00 percent, then the amount of the prepayment fee would be \$1,231.39, calculated as set forth below:

Lost cash flow $\{\$100,000 * [0.0425 - 0.03]\} = \$1,250$

Present value (as of prepayment date) of \$1,250 lost cash flow, discounted on a daily basis at an annual rate of 3.00 percent = \$1,231.39

Structured Advances with Embedded Options

The prepayment fee for a structured advance with embedded options (i.e., a Convertible advance) shall be the inverse of the value of any hedging instrument entered into by the Bank in connection with the funding of the advance, as detailed in the confirmation for the advance.

Daily Rate Credit Advances

A Daily Rate Credit advance is not subject to a prepayment fee provided the Bank receives notice by 3 p.m. ET on any Bank business day.

Other Fees

The Bank may assess reasonable fees and charges to cover the Bank's costs, including overhead, relating to the receipt, holding, redelivery, and reassignment of the borrower's collateral, as required by the Bank. The Bank publishes a schedule of such fees and charges on the Bank's website from time to time. In addition, the Bank also may assess fees to cover all expenses incurred in connection with lien perfection.

The Bank may charge a borrower for the Bank's outside legal counsel fees, costs, and expenses when the Bank assists the borrower with a transaction that primarily benefits that borrower. Such transactions include, but are not limited to, the following: affiliate pledge arrangements, intercreditor agreements, subordination agreements, letters of credit (including issuance, amendment, transfer and cancellation), custody arrangements, mergers and assumptions of borrower obligations, and transactions that require or potentially require involvement on the part of the Finance Agency, such as new business activity requests, regulatory interpretations, waivers or other action. The Bank, in its sole discretion, shall determine whether the services of outside counsel are required with respect to a particular transaction. The amount charged to the borrower shall be based on actual outside counsel legal fees, costs, and expenses related to the matter. The borrower shall be responsible for such charges regardless of whether the transaction ultimately is concluded.

APPENDIX C – Lendable Collateral Values for Insured Depository Institutions

The following tables contain the lendable collateral values for qualifying collateral that may be pledged by insured depository institutions (including banks, thrifts, and credit unions):

Cash	LCV %
Cash	100

Government and Agency Securities	LCV % MV*	Comments
U.S. Treasury bills, notes, bonds FHLBank bonds and discount notes Fannie Mae bonds and notes Fannie Mae mortgage-backed securities Freddie Mac participation certificates Freddie Mac bonds and notes Uniform Mortgage-backed Securities (UMBS) Ginnie Mae pass-through securities Ginnie Mae home equity conversion mortgage securities Ginnie Mae bonds and notes FDIC guaranteed notes NCUA guaranteed notes Federal Farm Credit bonds and notes	97	Subject to Bank's acceptance and pricing availability.
Agency CMOs and REMICs	97	Subject to Bank's acceptance and pricing availability.
SBA Pool and Participation Certificates**	97	Subject to Bank's acceptance and pricing availability.

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Maximum MV is capped at par

Municipal Securities**	Credit Risk Rating 101-102 LCV % MV*	Credit Risk Rating 103-104 LCV % MV*	Comments†
Municipal Securities***	92	NA	Must be rated single A (or equivalent) or higher by at least one of S&P, Moody’s, or Fitch. Pricing must be available from the Bank’s pricing service. Additional eligibility requirements apply. Not all are eligible.

Other Securities***	Credit Risk Rating 101-102 LCV % MV*	Credit Risk Rating 103-104 LCV % MV*	Comments†
Non-agency residential mortgage-backed securities/PLMBS, private placement RMBS, CMOs and REMICs	85	72	Must be rated AA (or equivalent) or higher by at least one of S&P, Moody’s, or Fitch and the most recent rating must be investment grade. Additional 5% discount applied for PLMBS acquired after July 10, 2007, if any loans with FICO scores below 660 are present in the underlying collateral, or if any of the loans for private placement securities have subprime or nontraditional characteristics. See Appendix F for additional information on the Bank’s policies related to subprime and nontraditional loans.
Commercial mortgage-backed securities	85	72	Must be a domestic conduit CMBS, including private placement CMBS, rated AA (or equivalent) or higher by at least one of S&P, Moody’s, or Fitch, and the most recent rating must be investment grade. A member may not pledge a CMBS issued by itself or its affiliates.
HELOC/HEL-backed securities	85	72	Must be rated AAA (or equivalent) by at least one of S&P, Moody’s, or Fitch, and the most recent rating must be investment grade.

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Municipal Securities are required to be real estate-related. As such an additional “Real Estate Percentage” is applied in addition to the LCV%. See the Collateral Policies section for details.

*** Securities may not be backed by mortgages on properties encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless such covenants are excepted transfer fee covenants, and securities issued after February 8, 2011, may not be backed by revenue from private transfer fees regardless of when the covenants were created.

† Pricing must be available from the Bank’s pricing service. Additional eligibility requirements apply. Not all are eligible.

The Bank uses a market-value based methodology in its valuation of all loan collateral. In implementing this methodology, the Bank estimates the market value of collateral and discounts such value based on a variety of factors, including the characteristics of the pledge, the level of information provided on the pledge, and the credit score of the borrower, to determine the LCV. The market-based valuation and discounting of collateral allows the Bank to account for model risk, price volatility risk, and potential liquidation costs should the Bank be required to take possession and liquidate a collateral portfolio in the event of a member failure. The largest component of the discount (also referred to as the LCV percentage) comes from potential price volatility if the market for mortgage collateral should decline. Price volatility risk is measured by using a mortgage valuation model to price loans under different future market conditions (stress scenarios). An additional discount will be applied if the Bank does not have a blanket lien on the portfolio pledged.

Residential First Mortgage, Residential Available for Sale, and HELOC and HEL collateral estimated price volatility is obtained by applying stress scenario inputs that are updated annually. Members providing listed loan information receive more favorable discounts.

The following tables show the LCV percentage (100–haircut) categories for Residential First Mortgage, Residential Available for Sale, and HELOC and HEL collateral for blanket lien pledgors. Specific LCV percentages for these categories are published in the Collateral Reports & Forms section of FHLBAccess.

Residential First Mortgage Collateral				
	Credit Risk Rating 101-102		Credit Risk Rating 103-104/Delivered	
Product	QCR	Listed	QCR/Delivered	Listed
Specific LCV % are published in the Collateral Reports & Forms section of FHLBAccess				
Non Jumbo - Low LTV (< 60%)	Base discounts, with highest LCV% for lowest LTV	Listed LCV% higher for providing more loan information	Additional margin applied over credit risk rating 101-102 discounts	
Non Jumbo - Medium LTV (60% - 80%)				
Non Jumbo - High LTV (> 80%)				
Jumbo - Low LTV (< 60%)				
Jumbo - Medium LTV (60% - 80%)				
Jumbo - High LTV (> 80%)				

Residential Available for Sale			
Product	Credit Risk Rating 101-102	Credit Risk Rating 103	Credit Risk Rating 104
Specific LCV % are published in the Collateral Reports & Forms section of FHLBAccess			
Standard	Base Medium LTV discount from Residential First Mortgage Collateral less 2%	Base Medium LTV discount from Residential First Mortgage Collateral Credit Risk Rating 103 less 2%	NA

HELOC/ HEL Collateral				
	Credit Risk Rating 101-102		Credit Risk Rating 103-104/Delivered	
Product	QCR	Listed	QCR/Delivered	Listed
Specific LCV % are published in the Collateral Reports & Forms section of FHLBAccess				
HEL	1st Lien	Base discounts, with highest LCV% for 1st lien	Listed LCV% higher for providing more loan information	Additional margin applied over credit risk rating 101-102 discounts
HEL	2nd Lien			
HELOC	1st Lien			
HELOC	2nd Lien			

Commercial Real Estate and Multifamily Collateral estimated price volatility is obtained by applying stress scenarios developed with a market price vendor to a sample listing of loans. Discounts for these portfolios are monitored annually for potential changes in price volatility. Credit risk rating 103 and 104 members receive a lower LCV percentage.

The following chart shows the LCV percentage (100 - haircut) for Commercial Real Estate (CRE), Farmland, and Multifamily Collateral for blanket lien pledgors. LCV percentages are higher for members providing a higher level of loan data (Level 1 = unpaid principal balance (UPB); Level 2 = UPB and loan-to-value (LTV); Level 3 = UPB, LTV, debt service coverage ratio (DSCR), and remaining maturity).

Standard Commercial Real Estate, Farmland, and Multifamily Mortgage Collateral						
Product	Commercial Real Estate		Farmland		Multifamily	
	Credit Risk Rating 101-102	Credit Risk Rating 103-104/Delivered	Credit Risk Rating 101-102	Credit Risk Rating 103-104/Delivered	Credit Risk Rating 101-102	Credit Risk Rating 103-104/Delivered
	LCV %					
Level 1	Base discounts	Additional margin applied over credit risk rating 101-102 discounts	CRE discounts plus additional margin	Additional margin applied over credit risk rating 101-102 discounts	Base discounts	Additional margin applied over credit rating 101-102 discounts
Level 2						
Level 3						

Special Purpose Commercial Real Estate Mortgage Collateral		
Product	Credit Risk Rating 101-102	Credit Risk Rating 103-104/Delivered
	LCV %	
Level 1	Base discounts are half of standard CRE	Additional margin applied over credit risk rating 101-102 discounts
Level 2		
Level 3		

APPENDIX D-1 – Lendable Collateral Values for Non-Insured Non-Depository Institution Members

The following tables contain the lendable collateral values for qualifying collateral that may be pledged by non-insured non-depository institution members (including insurance companies and community development financial institutions (CDFIs)):

Cash	LCV %
Cash	100

Government and Agency Securities	Insurance Companies*** and CDFIs with Risk Ratings 101-102 LCV % MV*	Insurance Companies*** and CDFIs with Risk Ratings 103-104 LCV % MV*			Comments
		Mat. 0-5 Years	Mat. 5-10 Years	Mat. 10+ Years	
U.S. Treasury bills, notes, bonds FHLBank bonds and discount notes Fannie Mae bonds and notes Fannie Mae mortgage-backed securities Freddie Mac participation certificates Freddie Mac bonds and notes Uniform Mortgage-backed Securities (UMBS) Ginnie Mae pass-through securities Ginnie Mae home equity conversion mortgage fixed-rate securities Ginnie Mae bonds and notes FDIC guaranteed notes NCUA guaranteed notes Federal Farm Credit bonds and notes	95	92	91	89	Subject to Bank's acceptance and pricing availability.
Agency CMOs and REMICs	95	92	91	89	
SBA Pool and Participation Certificates**	95	92	91	89	

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Maximum MV is capped at par

*** Insurance companies domiciled in states with legislation favorable to the Bank receive an additional 2% LCV on each category above.

Municipal Securities**	Insurance Companies*** and CDFIs with Risk Ratings 101-102 LCV % MV*	Insurance Companies*** and CDFIs with Risk Ratings 103-104 LCV % MV*	Comments
Municipal Securities	90	NA	Must be rated single A (or equivalent) or higher by at least one of S&P, Moody's, or Fitch. Pricing must be available from the Bank's pricing service. Additional eligibility requirements apply. Not all are eligible.

* MV = Market Value

** Municipal Securities are required to be real estate-related. As such an additional "Real Estate Percentage" is applied in addition to the LCV%. See the Collateral Policies section for details.

*** Insurance companies domiciled in states with legislation favorable to the Bank would receive an additional 2% LCV on each category above.

Other Securities**	Insurance Companies*** and CDFIs with Risk Ratings 101-102 LCV % MV*	Insurance Companies*** and CDFIs with Risk Ratings 103-104 LCV % MV*	Comments†
Non-agency residential mortgage-backed securities/PLMBS, private placement securities, CMOs and REMICs	83	70	Must be rated AA (or equivalent) or higher by at least one of S&P, Moody's, or Fitch and the most recent rating must be investment grade. Additional 5% discount applied for PLMBS acquired after July 10, 2007, if any loans with FICO scores below 660 are present in the underlying collateral, or if any of the loans for private placement securities have subprime or nontraditional characteristics. See Appendix F for additional information on the Bank's policies related to subprime and nontraditional loans.
Commercial mortgage-backed securities	83	70	Must be a domestic conduit CMBS, rated AA (or equivalent) or higher by at least one of S&P, Moody's, or Fitch, and the most recent rating must be investment grade. A member may not pledge a CMBS issued by itself or its affiliates.
HELOC/Second mortgage-backed securities	83	70	Must be rated AAA (or equivalent) by at least one of S&P, Moody's, or Fitch, and the most recent rating must be investment grade.

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Securities may not be backed by mortgages on properties encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless such covenants are excepted transfer fee covenants, and securities issued after February 8, 2011, may not be backed by revenue from private transfer fees regardless of when the covenants were created.

*** Insurance companies domiciled in states with legislation favorable to the Bank would receive an additional 2% LCV on each category above.

† Pricing must be available from the Bank's pricing service. Additional eligibility requirements apply. Not all are eligible.

Eligible loan collateral is available to non-insured non-depository institution members under limited circumstances. The following chart shows the LCV percentage (100-haircut) categories for Residential First Mortgage, Commercial Real Estate (CRE), Farmland, and Multifamily Collateral. Specific LCV percentages for these categories are published in the Collateral Reports & Forms section of FHLBAccess.

Residential First Mortgage Collateral Discount Categories	
	Insurance Companies and CDFIs with Risk Ratings 101-102
Product	
	Specific LCV % are published in the Collateral Reports & Forms section of FHLBAccess
Non Jumbo - Low LTV (< 60%)	Base discounts, with highest LCV% for lowest LTV; adjusted from depository delivery discounts by institution type to account for longer potential holding period and lack of blanket lien on pledge.
Non Jumbo - Medium LTV (60% - 80%)	
Non Jumbo - High LTV (> 80%)	
Jumbo - Low LTV (< 60%)	
Jumbo - Medium LTV (60% - 80%)	
Jumbo - High LTV (> 80%)	

Standard Commercial Real Estate, Farmland, and Multifamily Mortgage Collateral						
	Commercial Real Estate		Farmland		Multifamily	
Product	Insurance Companies with Risk Ratings 101-102	CDFIs with Risk Ratings 101-102	Insurance Companies with Risk Ratings 101-102	CDFIs with Risk Ratings 101-102	Insurance Companies with Risk Ratings 101-102	CDFIs with Risk Ratings 101-102
	LCV %					
Level 1	Base discounts by institution type.		CRE discounts by institution type plus additional margin.		Base discounts by institution type.	
Level 2						
Level 3						

Special Purpose Commercial Real Estate Mortgage Collateral	
Product	Risk Ratings 101-102
	LCV %
Level 1	Base discounts by institution type.
Level 2	
Level 3	

APPENDIX D-2 – Lendable Collateral Values for Housing Associates

The following tables contain the lendable collateral values for qualifying collateral that may be pledged by housing associates. Note that housing associates that do not qualify as SHFAs may only pledge (i) FHA-insured mortgage loans and (ii) securities backed only by FHA-insured mortgage loans.

Cash	LCV %
Cash	100

Government and Agency Securities	Housing Associates with Risk Ratings 101-102 LCV % MV*	Housing Associates with Risk Ratings 103-104 LCV % MV*			Comments
	All Maturities	Mat. 0-5 Years	Mat. 5-10 Years	Mat. 10+ Years	
U.S. Treasury bills, notes, bonds FHLBank bonds and discount notes Fannie Mae bonds and notes Fannie Mae mortgage-backed securities Freddie Mac participation certificates Freddie Mac bonds and notes Uniform Mortgage-backed Securities (UMBS) Ginnie Mae pass-through securities Ginnie Mae home equity conversion mortgage fixed-rate securities Ginnie Mae bonds and notes FDIC guaranteed notes NCUA guaranteed notes	95	92	91	89	Subject to Bank's acceptance and pricing availability.
Agency CMOs and REMICs	95	92	91	89	
SBA Pool and Participation Certificates**	95	92	91	89	

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Maximum MV is capped at par

Other Securities**	Housing Associates with Risk Ratings 101-102 LCV % MV*	Housing Associates with Risk Ratings 103-104 LCV % MV*	Comments†
Non-agency residential mortgage-backed securities/PLMBS, private placement securities, CMOs and REMICs	83	70	<p>Must be rated AA (or equivalent) or higher by at least one of S&P, Moody's, or Fitch and the most recent rating must be investment grade.</p> <p>Additional 5% discount applied for PLMBS acquired after July 10, 2007, if any loans with FICO scores below 660 are present in the underlying collateral, or if any of the loans for private placement securities have subprime or nontraditional characteristics. See Appendix F for additional information on the Bank's policies related to subprime and nontraditional loans.</p>
Commercial mortgage-backed securities	83	70	<p>Must be a domestic conduit CMBS, rated AA (or equivalent) or higher by at least one of S&P, Moody's, or Fitch, and the most recent rating must be investment grade. A member may not pledge a CMBS issued by itself or its affiliates.</p>
HELOC/Second mortgage-backed securities	83	70	<p>Must be rated AAA (or equivalent) by at least one of S&P, Moody's, or Fitch, and the most recent rating must be investment grade.</p>

* MV = Market Value; the LCV% in the table is taken after MV% has been applied to the collateral

** Securities may not be backed by mortgages on properties encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless such covenants are excepted transfer fee covenants, and securities issued after February 8, 2011, may not be backed by revenue from private transfer fees regardless of when the covenants were created.

† Pricing must be available from the Bank's pricing service. Additional eligibility requirements apply. Not all are eligible.

Eligible loan collateral is available to housing associates under limited circumstances. The following chart shows the LCV percentage (100-haircut) categories for Residential First Mortgage and LCV percentage (100-haircut) for Multifamily Collateral. Specific LCV percentages for these categories are published in the Collateral Reports & Forms section of FHLBAccess.

Residential First Mortgage Collateral Discount Categories	
	Housing associates with Risk Ratings 101-102
Product	
	Specific LCV % are published in the Collateral Reports & Forms section of FHLBAccess
Non Jumbo - Low LTV (< 60%)	Base discounts, with best LCV% for lowest LTV; adjusted from QCR discounts to account for longer potential holding period and lack of blanket lien on pledge.
Non Jumbo - Medium LTV (60% - 80%)	
Non Jumbo - High LTV (> 80%)	
Jumbo - Low LTV (< 60%)	
Jumbo - Medium LTV (60% - 80%)	
Jumbo - High LTV (> 80%)	

Multifamily Collateral	
	Housing associates with Risk Ratings 101-102
Product	
	LCV %
Level 1	Base discounts by institution type
Level 2	
Level 3	

APPENDIX E – Guidelines to Promote Responsible Lending

The Bank, as part of its housing finance mission, supports the expansion of fair and equitable homeownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, the Bank has established the following anti-predatory lending policy, the Guidelines to Promote Responsible Lending (Guidelines), with respect to Residential First Mortgage Collateral, Home Equity Lines of Credit (HELOC) and Home Equity Loan (HEL) Collateral, as well as securities backed by Residential First Mortgage Collateral, HELOCs, and HEL Collateral pledged to the Bank as collateral (Residential Mortgage Collateral). This policy is intended to underscore the Bank's support of fair and ethical lending practice.

The Bank requires that all Residential Mortgage Collateral comply with all applicable federal, state, and local anti-predatory lending laws and other similar credit-related consumer protection laws designed to prevent or regulate abusive and deceptive lending practices and loan terms, and all rules, regulations, orders, and guidance promulgated by any Federal, State, or local regulatory agency in connection with such laws (collectively, Anti-Predatory Lending Laws).

In addition, Residential Mortgage Collateral shall not contain the following characteristics or provisions:

- The annual percentage rate on the loan or points and fees charged for the loan exceed the thresholds of the Home Ownership and Equity Protection Act (HOEPA) of 1994 and its implementing regulations (Federal Reserve Board Regulation Z), if such loan was originated after the effective date of HOEPA and its implementing regulations.
- The loan includes prepaid, single-premium credit insurance.
- The loan includes a fee or charge for prepayment beyond the first five years if originated prior to April 1, 2011. Prepayment penalties on loans originated on or after April 1, 2011 cannot exceed 3% in year 1, 2% in year 2 and 1% in year 3. After the end of the third year, a prepayment penalty may not be imposed.
- The loan requires mandatory arbitration to resolve disputes, but only to the extent that such requirement is prohibited or limited by applicable Anti-Predatory Lending Laws. Effective June 1, 2013, mandatory arbitration is not permitted, even if allowable under applicable state law.

Any Residential Mortgage Collateral that does not comply with the above requirements does not constitute Qualifying Collateral. Each pledgor is responsible for complying with these Guidelines, regardless of whether the pledgor originates or purchases the Residential Mortgage Collateral.

Under the terms and conditions of the Advances and Security Agreement, each pledgor has agreed that it will: (1) comply at all times with the Bank's Credit and Collateral Policy, including these Guidelines; (2) comply at all times with the requirements of all applicable Anti-Predatory Lending Laws; (3) maintain Qualifying Collateral with an LCV at least equal to the Collateral Maintenance Level required by the Bank, and substitute Qualifying Collateral, if necessary, for any Residential Mortgage Collateral that does not comply with these Guidelines; and (4) indemnify, defend and

hold the Bank harmless from and against any liability, loss, cost, or expense (including reasonable attorneys' fees and expenses) that result from such pledgor's violation of these Guidelines.

The Bank has adopted procedures to monitor for compliance with this policy through:

- The verification that all pledgors have executed an Advances Agreement;
- The review of loan documentation as part of collateral verification reviews;
- The monitoring of regulatory alerts for newly issued public enforcement actions pertaining to HOEPA, Regulation Z, and anti-predatory lending violations; and
- The requirement, at the Bank's discretion, that pledgors provide evidence reasonably satisfactory to the Bank that Residential Mortgage Collateral does not violate applicable Anti-Predatory Lending Laws.

With respect to Residential Mortgage Collateral purchased by the pledgor, the pledgor is responsible for conducting due diligence that it deems sufficient to support its obligations to the Bank. For mortgage-backed securities, the Bank will rely on the member's (or member's pledging subsidiary or affiliate) executed representation and warranty certifications as the key indicator of compliance.

If abusive lending issues are identified by the pledgor's regulator, or if the Bank identifies noncompliance with these Guidelines, the Bank may, in addition to all available rights and remedies it has at law or in equity, (1) require the pledgor to substitute Qualifying Collateral for such Residential Mortgage Collateral; (2) assign an LCV of zero to such Residential Mortgage Collateral; and (3) require the pledgor to undertake a review of its policies, practices, and procedures for complying with the Bank's Credit and Collateral Policy, practices, and procedures.

The foregoing policy addresses assets pledged to the Bank as collateral. Residential mortgage loans purchased or acquired by the Bank from members under the Mortgage Partnership Finance® (MPF) Program will be governed by the terms set forth in the MPF Origination Guide, and residential mortgage loans purchased or acquired under the Mortgage Purchase Program (MPP) will be governed by the terms set forth in the MPP Guide.

APPENDIX F – Guidelines for Subprime and Nontraditional Loans

As part of its housing finance mission, the Bank supports the expansion of fair and equitable homeownership opportunities, including the use of subprime and nontraditional mortgage loan products, as appropriate. However, as a part of the Bank’s risk management programs, the Bank must measure, monitor, and manage credit risk posed by the purchase of subprime and nontraditional loans or mortgage-backed securities, and through advances secured by subprime and nontraditional Residential First Mortgage Collateral, Home Equity Lines of Credit (HELOC), and Home Equity Loan (HEL) Collateral, as well as securities backed by subprime and nontraditional Residential First Mortgage Collateral, HELOCs, and HEL Collateral pledged to the Bank as collateral (Residential Mortgage Collateral).

Definition of Subprime Residential Mortgage Loans

The term “subprime” refers to the credit characteristics of individual borrowers. Subprime borrowers typically have weakened credit histories. They also may display reduced repayment capacity as measured by credit scores and debt-to-income ratios. For purposes of this policy, subprime residential mortgage loans are loans to borrowers displaying both of these characteristics at the time of origination or purchase by the pledgor of such loan to the Bank. Such loans may have a higher risk of default than prime loans.

For loans reported as eligible collateral, subprime loans are categorized based on credit score and debt-to-income ranges as set forth in the following chart:

		Debt to Income Ratio			
		<40%	≥40% & < 50%	≥ 50%	Missing
Credit Score	> 660	Not Subprime	Not Subprime	Not Subprime	Not Subprime
	> 620 & ≤ 660	Not Subprime	Not Subprime	Subprime	Subprime
	≤ 620	Not Subprime	Subprime	Subprime	Subprime
	Missing	Not Subprime	Subprime	Subprime	Subprime

Definition of Nontraditional Residential Mortgage Loans

Nontraditional residential mortgage loans, for purposes of this policy, are defined as mortgages that allow borrowers to defer payment of principal or interest, with the exception of HELOCs. Examples of nontraditional residential mortgage loans include interest-only mortgages, payment-option mortgages, negative amortization mortgages, and mortgage loans originated with reduced documentation, such as stated income/stated asset or no income/no assets residential mortgage loans. Securities issued by Government Sponsored Enterprises shall be exempt from this definition.

Bank Monitoring of Subprime and Nontraditional Mortgage Loans

Mortgage-Backed Securities Held in Portfolio

For purposes of this policy, mortgage-backed securities purchased or acquired by the Bank will be governed by the terms set forth in the Investment Guidelines for MBS Portfolio. The Investment Guidelines for MBS Portfolio specify the additional credit enhancements necessary for the purchase of mortgage-backed securities with nontraditional features.

The Bank does not invest in subprime mortgage-backed securities.

After purchase, management monitors, and the Credit and Collateral Committee reviews, the credit characteristics and performance of the underlying collateral on a monthly basis. In addition, management monitors for any rating downgrades the subordinate tranches that provide credit support.

Acquired Member Assets

For purposes of this policy, residential mortgage loans purchased or acquired by the Bank from members under the Mortgage Partnership Finance® (MPF) Program will be governed by the terms set forth in the MPF Origination Guide, and residential mortgage loans purchased or acquired under the Mortgage Purchase Program (MPP) will be governed by the terms set forth in the MPP Guide and the Program Documents. Collectively, the MPF Program and MPP are referred to as the AMA programs.

The Bank does not purchase subprime residential mortgage loans in its AMA programs. Although some loans purchased in the AMA programs may contain features such as alternative documentation of repayment capacity, the Bank does not have any heightened exposure due to such features because the AMA program eligibility guidelines only permit the purchase of fixed-rate fully amortizing, non-jumbo loans. The Bank effectively manages the risk associated with the acquisition of loans in the AMA programs through the established approval process for sellers and servicers, loan agreements, loan eligibility parameters, monitoring of the underlying loans and their performance, and the use of S&PLEVELS® to establish and monitor credit enhancements.

Management monitors and reports to senior management on a monthly basis the credit characteristics and credit enhancements of the AMA portfolio to confirm the continued AA rating of each AMA asset.

Collateral Securing Advances

Under the terms and conditions of the Advances and Security Agreement, each pledgor has agreed that it will: (1) comply at all times with the Bank's Credit and Collateral Policy; (2) comply at all times with the requirements of all applicable laws and regulations regarding subprime and nontraditional mortgage loans; (3) maintain Qualifying Collateral with an LCV at least equal to the Collateral Maintenance Level required by the Bank, and substitute Qualifying Collateral, if necessary, for any Residential First Mortgage Collateral or HELOC/HEL Collateral that does not comply with the Bank's requirements; and (4) indemnify, defend and hold the Bank harmless from

and against any liability, loss, cost or expense (including reasonable attorneys' fees and expenses) that result from such pledgor's violation of the Bank's requirements.

The Bank will adopt procedures to monitor compliance with this policy by:

- Verifying that all pledgors have executed an Advances Agreement
- Reviewing loan documentation as part of CVRs
- Analyzing loan characteristic data for loans reviewed as part of a collateral verification review
- Re-underwriting a portion of loans reviewed as part of a collateral verification review
- Monitoring levels of past-due and nonaccrual loans as part of caseload reviews
- Monitoring regulatory alerts for newly- issued public enforcement actions pertaining to subprime and nontraditional mortgage lending activities
- Requiring that pledgors provide periodic confirmation to the Bank that Residential Mortgage Collateral does not violate applicable laws and regulations regarding subprime and nontraditional mortgage loans
- Requiring that pledgors subject to federal or state regulatory oversight provide periodic confirmation to the Bank that such pledgors are complying with applicable nontraditional residential and subprime mortgage lending guidance

With respect to Residential Mortgage Collateral purchased by the pledgor, the pledgor is responsible for conducting due diligence that it deems sufficient to support its obligations to the Bank.

Effective May 3, 2010, the Bank adopted the following limits with respect to nontraditional and subprime residential mortgage loan collateral:

- Borrowers pledging nontraditional and subprime residential mortgage loan collateral originated prior to July 10, 2007, in an amount exceeding fifty percent (50%) of their total LCV must provide the Bank with loan-level reporting and will be subject to an annual CVR.
- Borrowers pledging nontraditional and subprime residential mortgage loan collateral originated prior to July 10, 2007, in an amount exceeding sixty percent (60%) of their total LCV may be subject to limitations on the availability of additional extensions of credit from the Bank, as well as the loan-level reporting and annual CVR requirements described above.

APPENDIX G – Special Purpose Properties

A Special Purpose Property (SPP) is defined as a property or building having a limited or indefinable sale market with a unique physical design, special construction materials, or a layout that restricts its utility to a unique or special purpose. SPPs also include structures that are uniquely adapted to the business conducted upon it or use made of it and that cannot be converted to other uses without the expenditure of substantial sums of money. SPPs have limited marketability due to their design or use. In many cases, the lack of comparable sales or willing buyers in the marketplace may restrict or prohibit obtaining a readily ascertainable and reliable market value. A timely liquidation may not be achieved easily due to the extended amount of time that may be required to find a buyer willing to use the property “as is” or to expend additional monies to convert the property to an alternative use.

Ineligible Commercial Real Estate Collateral

Ineligible property types are analyzed on a case-by-case basis at the Bank’s discretion. This category includes:

- Commercial real estate properties with noted or unresolved environmental issues in the Phase 1 or Phase 2 (or similar environmental reports)
- Vacant land or similar properties such as mobile home parks, campgrounds, fish camps, RV parks, and parking lots
- Marinas including slips, docks, and dry dock storage
- Saw mills
- Radio or cell towers
- Stand Alone Restaurants not in the Top 10 list
- Bars/Night Clubs/Casinos
- Correctional facilities
- Incinerators
- Military property
- Mineral mines, quarry sites
- Landfills/junkyards
- Sewage treatment facilities
- Explosive manufacturing facilities
- Heavy industrial plants (petroleum plant, meat processing plant, power plant, public utility, steel mill, foundry, etc.)

Eligible Commercial Mortgage Collateral

This category includes property types accepted by the Bank in the Commercial Mortgage Collateral category.

Eligible Commercial Real Estate Collateral:

LCV

Full Value*

This category includes the following property types:

- Retail – Shopping malls, power centers, grocery-anchored shopping centers, fashion/specialty centers, unanchored strip centers, outlet centers, convenience stores, free standing retail.
- Office – Single- and multi-tenant office buildings, executive suites, medical office, banks, and government office
- Hotel/Motel – Full service hotel, limited service hotel/motel
- Top 10 Restaurants – Stand-alone restaurants that are nationally ranked and recognized as one of the top 10 restaurants based on either sales revenue or units operated
- Industrial – Warehouse, distribution, research & development, flex and other light industrial. Includes properties with above ground storage tanks (ASTs) with no evidence of leakage.
- Places of worship (with loan-to-value ratios of 75% or less)
- Assisted Living Facilities, Nursing Homes, Retirement Homes
- Funeral Homes
- Community Centers
- Mini Storage
- Daycare Centers (pre-school on site is permitted)
- Beauty Salons with commercial zoning
- All property types with the potential for environmental issues, such as gas stations, automobile repair facilities, dry cleaners, or underground storage tanks (UST) may be eligible if the member has a clean Phase 1 environmental report for that property and the member is not in delivery

* “Full Value” means the standard LCV percentage multiplied by market value. See Appendix C.

LCV

Half Value**

Eligible Special Purpose Property Collateral:

This category includes examples of performing loans secured by Commercial Real Estate property types that are not included in the Eligible Commercial Real Estate or Ineligible Special Purpose Property categories above. This list is not exhaustive. There may be other performing Commercial Real Estate property types that meet the Bank's eligibility requirements that are not on the list below.

- Amusement parks and centers
- Aquatic centers
- Auditoriums
- Automotive racetrack
- Banquet and special event halls
- Bowling alley
- Broadcast facility
- Carriage house or horse stables or equestrian center
- Car sale lots
- Car wash facility
- Catering halls and facilities
- Clubhouses and pavilions
- Cold storage
- College, university, or school
- Convention center
- Dairy processing plant
- Feed mill
- Fraternities/Sororities
- Grain elevator
- Hospital or treatment centers
- Stand-alone laundromats
- Library
- Lighthouse
- Lodges
- Lumber yards (with no saw mill included)
- Nursery/greenhouse with retail or wholesale sales
- Parking garages
- Post office
- Recreation Centers
- Roller/Ice Skating Rinks
- Sports Arenas and Stadiums
- Wineries

** "Half Value" means the special purpose LCV percentage multiplied by market value. See Appendix C.

APPENDIX H – Correspondent Banking Policies

Members of the Bank may obtain certain Correspondent Services (as defined below) presently available from the Bank, or which the Bank may offer in the future, as permitted in accordance with 12 U.S.C. §1431(e)(2) of the FHLBank Act and 12 C.F.R. §975, as presently in effect or as amended from time to time hereafter. By use and acceptance of such Correspondent Services, members agree to comply with the following terms and conditions, and abide by the policies set forth in this Appendix.

In order to take advantage of Safekeeping and Wire Transfer services, Members must maintain with the Bank an Advances and Security Agreement (or similar agreement) (the “Agreement”) in such form as the Bank shall require, as such form may be amended, supplemented, modified, restated or otherwise changed from time to time. The terms and conditions of the Agreement are incorporated herein and shall apply to this Appendix, except as expressly modified hereby. The Appendix does not automatically entitle members to the provision of any services contemplated hereunder nor does the Bank’s provision of any particular Correspondent Service entitle member to the provision of any other types of Correspondent Services. As used in this Appendix H, “member” or “Member” includes any current member of the Bank and any borrower under an Advances and Security Agreement with the Bank (or successor to or assignee of any such borrower).

Section 1. Definitions. The following capitalized terms used herein shall have the meanings set forth below. Terms used but not otherwise defined herein shall have the meanings set forth in the Agreement or Member Products and Services Guide for the Correspondent Services to which such term relates.

1.1 “Authorized Representative” means such person or persons as shall have been designated by the Member to request Bank to perform Correspondent Services from time to time. Such persons shall be designated on the member’s signature card with the Bank.

1.2 “Corporate Action” means any subscription right, bonus issue, stock repurchase plan, redemption, exchange, tender offer, or similar matter, and includes Mandatory Corporate Action, Voluntary Corporate Action, as well as actions taken in connection with litigation or proxy votes with respect to any securities owned by members and safekept by the Bank’s custodian.

1.3 “Correspondent Services” means such services as Bank shall offer, and Member shall select from time to time, including, but not limited to, Automated Clearing House (“ACH”), Demand Deposit Account, Wire Transfer and Securities Safekeeping Services.

1.4 “Deposit Account” means the member’s primary interest-bearing deposit account through which all debits, credits, charges or fees related to any Correspondent Services provided hereunder are processed and shall generally mean the member’s Daily Investment Account, but may also include any subaccounts established from time to time.

1.5 “Mandatory Corporate Action” means any Corporate Action for which participation by the

owner is compulsory and the owner of the security may or may not be given an option to select its form.

1.6 "Rules and Regulations" means the provisions of the Act, the rules and regulations of the Federal Housing Finance Agency ("FHFA") or its legal successor, the policy statements and operating circulars of the FHFA or Bank, and the rules, regulations, policy statements and operating circulars of the Federal Reserve Board ("FRB"), District Federal Reserve Banks, and any other governmental agency or instrumentality having jurisdiction over any Correspondent Services provided hereunder, and any applicable clearinghouse or similar entity, including but not limited to Regulation J of the FRB, the federal Bank Secrecy Act and U.S. Patriot Act, regulations of the Office of Foreign Assets Control (OFAC), Article 4A of the Uniform Commercial Code as in effect in Georgia and the rules and regulations of the National Automated Clearinghouse Association (referred to hereafter as "NACHA" or "NACHA Rules"); all as in effect on the date hereof or as may be amended, replaced, supplemented or modified from time to time hereafter.

1.7 "Safekeeping Account" means that certain subaccount designated as for the benefit of the member with the Bank's custodian, in which the member deposits securities for the purpose of pledging such securities to the Bank as Collateral to support Obligations, or to third parties, holding, acquiring, selling, transferring, withdrawing or other disposition of securities in accordance with instructions received from the member.

1.8 "Voluntary Corporate Action" means any Corporate Action for which participation by the owner is elective and initiated by the owner of the security.

Section 2. Provision of Correspondent Services. Bank agrees to provide to Member the Correspondent Services selected by Member in accordance with the terms and conditions of this Agreement and the Rules and Regulations, including, without limitation, any additional requirements or restrictions for Non-borrower Users of Bank Services as may be set forth in the Bank's Credit and Collateral Policy. Where deemed necessary or desirable by the Bank, Member shall execute such other documents or agreements required by the Bank to enable the Bank to provide the Correspondent Services selected by Member. These documents or agreements may include, but are not limited to, resolutions, signature cards, FRB or other third party agreements.

Section 3. Modification of Correspondent Services. The Bank may at any time make any reasonable modification to any of the Correspondent Services provided hereunder, if the Bank believes that such modifications will improve the Correspondent Services or increase the Bank's efficiency in providing the Correspondent Services. Notice of such modifications shall be provided to the Member through updates to the Member Products and Services Guide. Notices of modifications resulting from changes in Rules and Regulations will be effective as specified in the written notice.

Section 4. Term and Termination of Correspondent Services. The initial term for provision of all Correspondent Services provided hereunder shall commence on the date that the Member first elects to utilize Correspondent Services and shall continue until sixty (60) days after written notice

of termination is received by either party, but the time period for termination of any or all of such Services may be shortened by agreement of the parties, if the transition of such service to the Member or another service provider can be accomplished in less than sixty (60) days. The member shall exercise commercially reasonable efforts to identify a successor service provider and transition the services to that party within the sixty (60) day transition period, or if services are unable to be transitioned during that period, then within a commercially reasonable time following notice of termination. If all or any part of the Correspondent Services sought to be terminated cannot be transitioned within the sixty (60) day period, this Agreement will remain in effect until all such Services are effectively transitioned. In no event may the Member's Deposit Account be terminated or closed unless Member's membership with the Bank has been effectively terminated. In the event of termination of use of Correspondent Services, the Member shall be responsible for arranging the transition of such services from the Bank and this Appendix will remain in effect, and the Member shall be responsible for all compensation due to Bank for services provided, until such transition is complete. If the Member fails to arrange for the transition of such services, the Bank is hereby authorized to take all action necessary to cancel its services hereunder.

Section 5. Compensation for Correspondent Services. The Member shall compensate the Bank for all Correspondent Services selected hereunder in accordance with the fee schedule for each service provided by the Bank, as amended from time to time. The Member will also compensate the Bank for out of pocket expenses and services as may be rendered to the member hereunder. The compensation, including out of pocket expenses, due to the Bank for certain Correspondent Services may be varied from that set forth in the appropriate fee schedule, but only by written agreement between the Bank and the Member. The Bank shall provide not less than thirty (30) days advance notice of any changes to fee schedules, except that fee increases directly attributable to increased charges imposed upon the Bank by the FRB, the FHFA, a Federal Reserve Bank, third party vendors or a clearinghouse shall be imposed without advance notice if such advance notice is not possible. In addition to the compensation required under the appropriate fee schedules or agreements, the Member shall be responsible for, and shall pay the Bank, any applicable taxes or assessments, however designated, which may be levied or assessed against the Bank due to its performance of any of the Correspondent Services hereunder. The Bank may refuse to perform any Correspondent Services requested by the Member if the collected balances in the Member's Deposit Account(s) are insufficient to cover such fees and charges.

Section 6. Maintenance of Deposit Accounts.

6.1 In order for Bank to provide any Correspondent Services selected hereunder or under the Agreement, the member is required to maintain a Deposit Account through which all Correspondent Services involving the movement of funds shall be processed.

6.2 In addition to the principal Deposit Account, a member may open and maintain certain deposit subaccounts or other related accounts, each of which will be subject to the terms of this Appendix, the Member Products and Services Guide and the Rules and Regulations. In addition, the Bank may require separate agreements to be executed with respect to certain of the subaccounts or other related accounts (including limited access or similar restricted accounts) and the member shall execute such agreements or documents required by Bank with respect to each

such subaccount or other related account.

6.3 The Bank shall pay interest on the daily collected balances of the Deposit Account and any deposit subaccounts, excluding those which, by their terms, are non-interest bearing. Interest will be paid in accordance with the published rates in effect from time to time.

6.4 The Member authorizes the Bank to debit and credit, as appropriate, the member's Deposit Account for all amounts being settled, on behalf of the member, with any Federal Reserve Bank, any clearinghouse or any other financial member or third party with whom Bank may deal in connection with the Correspondent Services provided to the member under this Agreement. Such debits and credits shall be performed in accordance with the instructions received by the Bank from the member and in compliance with the applicable procedures as established by the Bank.

6.5 Member shall, at all times, maintain on deposit in the Deposit Account or an appropriate subaccount, such amounts as may be necessary to comply with this Appendix, the Agreement and the Rules and Regulations, including the aggregate amounts of items to be settled through such accounts and all costs, fees and other charges authorized.

6.6 The Member agrees that the Bank has the right of setoff, and hereby consents to the Bank's exercise of such right of setoff, against the Deposit Account or any other general account of member maintained with the Bank, including any collateral pledged to the Bank by the member at the request of the Bank, or any member capital stock or any unpaid dividend due and payable to the member on account of such capital stock, for any debts, obligations, or any other Liabilities (as defined in the Agreement), including, but not limited to, overdrafts or service charges, arising under this Agreement or any Correspondent Services provided hereunder. In the event the Bank exercises its right of setoff as provided hereunder, the member agrees to release and indemnify the Bank from any and all liability which may result there from, unless such liability was caused by the gross negligence or willful misconduct of the Bank.

6.7 Except as provided in Section 6.8. hereof, if any transaction on member's Deposit Account or any subaccount, results in an overdraft of such account, the amount of such overdraft shall be immediately due and payable and, at the discretion of the Bank, shall be subject to overdraft fees or penalties and may be treated as a default under the Agreement.

6.8 In the Bank's sole discretion, any overdraft of the member's Deposit Account or any subaccount may constitute an extension of credit and member shall pay interest to Bank on such extension of credit in accordance with the Bank's then-applicable rates and as provided in the Agreement. All extensions of credit shall be subject to all of the terms and conditions of the Agreement.

6.9 The member's failure to maintain appropriate deposits, to promptly pay overdrafts or extensions of credit, or to otherwise fail to correct deficiencies in the member's handling of its Deposit Account or any subaccounts, constitutes a default by the member under the Agreement.

6.10 The Member agrees that if the Bank receives any process, regulatory directive,

summons, order, injunction, execution, restraint, writ, attachment, lien or notice (hereinafter referred to as "process"), which in the opinion of the Bank affects the Deposit Account or any other account established hereunder, the Bank is authorized to either (i) hold the collected balances in such account(s) until the process is disposed of to the satisfaction of the Bank or (ii) pay the collected balances to the source of such process, in accordance with applicable law. The Bank shall notify member of the Bank's receipt of such process, and provide the member with the opportunity to object to such process in accordance with applicable law, unless prohibited from doing so by such process.

Section 7. Securities Safekeeping Services.

7.1 If the member selects Securities Safekeeping Services, the Bank shall be authorized to arrange for the safekeeping, holding, acquiring, selling, transferring, withdrawing or other disposition of securities in accordance with instructions received from the member. The Member must submit, and the Bank must receive no later than 12:30 PM ET daily, all settlement instructions, including, but not limited to, instructions for:

- pledges for collateral to support Obligations;
- Public Unit Deposit pledges;
- pledges or releases from the Federal Reserve Bank; and
- pledges to any third parties.

In order for the Bank to act on settlement instructions, any pledged securities that are being traded must also be released on or before 12:30 PM ET on the settlement date. In some cases, the member may instruct the Bank to engage in a "turnaround" transaction in which the member purchases a security, delivers the security into its Safekeeping Account, and sells the security on the same settlement date, instructing the Bank to deliver the security to a third party. In order for the Bank to comply with the member's instructions, the security must be received in the member's Safekeeping Account by 12:30 PM ET to ensure that delivery of the security for the sale transaction may occur on the same settlement date.

The Member understands and agrees that if the member fails to meet such cut-off times or deadlines, the Bank shall only be required to use reasonable efforts to complete the transaction during such business day. The Member also understands and agrees that it has no right to the cancellation or amendment of any instructions after its receipt by Bank.

7.2 The Bank shall designate one or more commercial banks, trust companies, district Federal Reserve Banks or other financial institutions to retain, on behalf of the member, custody of any securities for which the member has requested that Bank arrange safekeeping. Such securities may be deposited with a centralized securities depository, which may include any financial institution that substantially conforms to the procedures provided by the Federal Reserve Book Entry System.

7.3 In addition to the principal Safekeeping Account, a member may elect to open and maintain certain safekeeping subaccounts or other related accounts, each of which will be subject

to the terms of this Appendix, the Member Products and Services Guide and the Rules and Regulations. In addition, the Bank may require separate agreements to be executed with respect to certain of the subaccounts or other related accounts (including limited access or similar restricted accounts) and member shall execute such agreements or documents required by the Bank with respect to each such subaccount or other related account.

7.4 Except for physical securities that are registered in the name of the member and not the Bank or Bank's custodian's nominee name, the Bank shall arrange for the surrender for payment at the appropriate time of all coupons attached to securities fully due and subject to receipt of any necessary instructions or approvals of the member, of all securities that have reached maturity. If the member elects not to re-register in Bank's custodian's nominee name, income payment collection and corporate actions from issuers will revert to the registered party, and the Bank and custodian shall receive no notice. The Bank shall not be obligated, however, to advise the member or any third party of any calling or offering for payment or conversion of any securities nor shall the Bank be responsible for the failure to present such securities for payment or conversion.

7.5 In the case of any default on the part of a member on its obligations with respect to a security held in the member's Safekeeping Account and pledged to a third party, the third party shall have full power and authority to direct Bank to transfer the pledged securities to the third party pursuant to applicable federal and state law. The member represents and warrants that securities pledged to a third party hereunder are genuine, in bearer form or are otherwise freely negotiable, and the member has rights in the pledged securities sufficient to allow it to grant a security interest therein, as evidenced by valid advice and pledge documentation.

7.6 The Bank shall have no duty of inquiry or otherwise with respect to the nature or ownership of any securities held, acquired or transferred hereunder or with respect to the authority of the member under federal or state law or regulations to undertake any securities transactions, nor shall the Bank be deemed to have made any determination as to the propriety of any securities transactions effected pursuant to the instructions of the member. The Bank will not, and the member acknowledges that the Bank does not, offer any investment advice with respect to securities transactions hereunder and is not responsible for the performance or non-performance of any security.

7.7 The Bank represents that the Bank's custodian will act in accordance with prevailing market standards to obtain information concerning Corporate Actions with respect to securities, but only to the extent such information is publicly available. The Bank and the Bank's custodian shall act only in accordance with the member's instructions in relation to any Corporate Action. If the member fails to provide the Bank and/or the Bank's custodian with timely instructions with respect to any Corporate Action, neither the Bank nor the Bank's custodian will take any action in relation to such Corporate Action, except as otherwise agreed in writing by the member, the Bank, and the Bank's custodian or as may be set forth by the Bank's custodian as a default action in the notification it provides with respect to such Corporate Action. With respect to Mandatory Corporate Actions, the Bank shall provide notice to the member only to the extent that it receives prior notice from the Bank's custodian, and only by reference to the Mandatory Corporate Action on the member's cash projection report. With respect to proxy notices, the Bank's custodian shall deliver

information directly to the member's designated delivery address.

7.8 All entitlements and cash received by the Bank as interest, dividends, maturities, proceeds from transfer and other payments for or with respect to securities shall be credited to member's Deposit Account by the next business day following receipt of same by the Bank from the Bank's custodian, unless otherwise mutually agreed upon in writing by the Bank and the member.

Section 8. Wire Transfer Services. The Member's use of Wire Transfer Services shall be governed by the Agreement, the Member Products and Services Guide, this Appendix, and that certain Wire Transfer Agreement by and between member and the Bank. Members may not utilize the Bank's Wire Transfer Services unless and until they have executed all applicable forms and agreements.

Section 9. ACH Services. The Bank shall adhere to all applicable NACHA Operating Rules and Guidelines in provision of ACH Services. The Bank shall reject any entry that fails to comply with the NACHA Rules. The Bank may also reject any entry if the account balance of the member is not in compliance with Section 6 of this Agreement. The Bank shall notify the member by electronic transmission (or, in the absence thereof, by telephone) of such rejection no later than two business days following the date on which the entry would otherwise have been transmitted to the receiver's account.

Section 10. Tape Recording. The Member consents to the tape recording by the Bank of telephonic instructions received from the member or communications between the member and the Bank, in connection with its Deposit Account(s), Correspondent Services, or any other products and services that the member may receive from the Bank, from time to time. The Member agrees to indemnify and hold the Bank harmless from and against any and all liability, claims, damages, losses or expenses (including attorneys' fees and costs) that the Bank may incur as a result of such tape recordings.

Section 11. Records, Reports and Statements of Account. The Bank, from time to time, in its discretion and as it deems appropriate, shall cause the member to be provided with written confirmation of any transaction effected by Bank or by a third party for the benefit of the member pursuant hereto, and with periodic reports, through FHLBAccess@ or otherwise, or statements of account as to: (a) securities held and securities transactions taken hereunder; (b) records of credit and/or debit with respect to transactions to or from the member's Deposit Account(s), including wire transfers; (c) records of ACH transactions; or (d) such other reports of transactions or services as the Bank shall deem appropriate or as required by law. If at any time after the Bank provides a statement to the member, the Bank shall discover any error or defect in such statement, the Bank is authorized, in its sole discretion, to correct any such error or defect and to make any required adjustment to such statement, and to the Deposit Account of the member, to correct such error or defect. Notice of any discrepancies in any statement or report provided hereunder must be submitted by the member to the Bank not later than thirty (30) days from the receipt of each such report or statement. The Bank believes, but makes no guarantees, representations or warranties, express or implied, with respect to the accuracy of the referenced amounts and values, or any

other valuation information provided by FHLBAccess®, and the Bank hereby disclaims any such guarantees or warranties. In no event shall Bank incur any liability to member or to third parties as a result of the failure of Bank to provide any confirmation, advice of debit or credit, periodic report or statement of account in a timely manner or as a result of the inadequacy of any confirmation, advice of debit or credit, report or statement of account or any errors contained therein.

Section 12. Force Majeure. The Bank shall not be liable for any loss or damage resulting from a matter beyond its reasonable control and shall not be deemed in default for any delays in performance or for nonperformance of obligations related to Correspondent Services resulting from a matter beyond its reasonable control. Matters beyond the Bank's reasonable control include, but are not limited to: acts of war, civil unrest, or other hostile action; inclement or severe weather or other acts of God; power failures or shortages; fires; strikes; adverse labor disruptions; the imposition of any regulation, order, or direction of any governmental agency or entity; electronic, mechanical or technical difficulties; any third party's interception and/or use of any data conveyed using an electronic connection; the services provided by an internet service provider; and malware received from or introduced by any entity other than the Bank.

Section 13. Limitation of Liability. The Bank shall be responsible only for those duties expressly set forth in the Advances Agreement, this Member Products and Services Guide, or any separate agreements entered into by the member and the Bank with respect to Correspondent Services and shall exercise ordinary care in performing the Correspondent Services. Neither the Bank nor any of its directors, officers, employees or agents shall be liable for any losses incurred by the member arising out of, based upon, or resulting from Bank's performance of or failure to perform any of its duties, unless caused by the Bank's gross negligence or willful misconduct. Actions or omissions which do not constitute gross negligence or willful misconduct include, but are not limited to, inadvertent errors, oversights, and mistakes. In the event the Bank is found liable to the member for any action or failure to act with respect to Correspondent Services, the Bank shall not be liable for any amount in excess of the face amount of items involved in such claim reduced by an amount which could not have been realized by the use of ordinary care. In no event shall the bank be liable for any consequential, special or punitive damages, or for any losses arising directly or indirectly from the negligence, misconduct or lack of ordinary care on the part of member, its officers, employees or agents. In addition, the Bank shall have no liability with regard to the member's tax position in any jurisdiction based on, or related to, the member's use of Correspondent Services.

Section 14. Indemnification. The Member agrees to indemnify and hold harmless the Bank and its directors, officers, employees and agents, against any losses, damages, claims, fees, or expenses, including attorneys' fees and costs (whether or not court proceedings are instituted), incurred by reason of claims or assertions arising out of, based upon or resulting from the Bank's performance of or its failure to perform any act in connection with the Correspondent Services provided hereunder, except where such claim or assertion results solely from the willful misconduct of the Bank. Without limiting the generality of the foregoing, the member shall specifically indemnify and hold harmless the Bank from and against all liability which may be claimed against or imposed upon the Bank resulting from (a) payment of items over forged or unauthorized drawers' signatures; (b) payment of items over stop payment orders issued by the

member or member's customers; (c) payment of altered or incomplete items; (d) payment of items drawn on insufficient funds; (e) Bank's endorsement of items as agent for the member; and (f) the member's violation of any federal, state or clearing house law or regulation with respect to any transaction, including but not limited to the Bank Secrecy Act, U.S. Patriot Act, OFAC and NACHA Rules.

Section 15. Bank's Actions Authorized. The Member authorizes the Bank to act for and on behalf of member, as provided in this Appendix and any other instruments, agreements and procedures referred to herein, and to exercise such powers as are given to the Bank by the terms hereof and such powers as may be necessary or advisable for Bank to exercise in order to carry out the Correspondent Services. The Bank may perform any of its duties hereunder by or through its employees or agents. The Bank shall not have, by reason of this Appendix, a fiduciary relationship with respect to member.

Section 16. Anti-Money Laundering. The Bank is required to maintain an effective anti-money laundering (AML) program pursuant to Bank Secrecy Act and implementing regulations. The Member covenants and agrees that the Member (a) will maintain AML controls effective to prevent the use of Bank's products and services (including Correspondent Services) to facilitate money laundering, terrorist financing, fraud, or other illicit activity and (b) will not use, and will not permit the use of, the Member's accounts maintained at the Bank as "payable through accounts."

Section 17. Member's Responsibility for Security.

17.1 Complying with the security measures required by the Bank does not relieve the member of its obligation and responsibility to exercise its own independent judgments about electronic security and additional steps or procedures to prevent fraud, unauthorized access, or other unauthorized use of electronic procedures. All Bank features and procedures should be used only as authorized by the Bank and only for authorized access to the Bank's services and/or applications. The member acknowledges that Bank services can be used to originate funds transfer messages, other value transfer messages, and non-value messages and should be appropriately restricted to ensure access is physically and logically limited to authorized staff and that the Bank is not liable for such breaches of information. Except as otherwise provided in this Appendix H, member assumes sole responsibility and the entire risk of use and operation of Bank services and/or applications. Member is responsible for unauthorized physical and network access to their accounts utilizing the Bank's services and/or applications and is responsible for establishing, instituting, and enforcing policies and procedures for controlling, detecting, and preventing unauthorized physical and network access to applicable Bank services and/or applications and for immediately notifying the Bank if they have reasonable basis to suspect that any applicable Bank feature is missing, has been compromised, breached, or shows evidence of tampering.

17.2 The member must conform to any security procedures, including the need for the member to use its own judgment about the adequacy of existing security measures and to implement additional security measures as necessary with respect to their own operating environments. All security-related information is confidential whether or not it is labeled as such.

Member agrees to take all reasonable measures to protect and ensure the secrecy of and affirmatively avoid unauthorized disclosure and use of confidential information. Confidential information should be disclosed to member employees or third-parties only on a “need to know” basis. Member is liable for any unauthorized disclosure of confidential information by its employees or third-parties to whom it has disclosed confidential information. If the Member becomes aware of any suspected or confirmed unauthorized disclosure or use of the confidential information, the member must immediately notify the Bank of the suspected or confirmed unauthorized disclosure or use, and must take all reasonable efforts necessary to prevent further unauthorized disclosure or use. THE BANK MAKES NO WARRANTIES WITH RESPECT TO THE FOREGOING OR OTHERWISE IN CONNECTION WITH THE USE OF ITS FEATURES, SERVICES, AND/OR APPLICATIONS, EXCEPT AS EXPRESSLY SET FORTH IN THIS APPENDIX H.

17.3 Neither the Bank nor any of its directors, officers, employees or agents shall be liable for any losses incurred by the member arising out of, based upon, or resulting from the member’s failure to adopt, or to assure the effectiveness of, any of the following:

- An information security program with controls appropriate for the member;
- Fraud detection and monitoring systems, including tools that analyze customer history and enabled to detect suspicious transfers;
- Information security breach monitoring systems that detect anomalous events and procedures to respond to them;
- Controls, including limitations or prohibitions, for multiple verifications of transactions;
- Customer education regarding fraud risk and mitigation techniques;
- Appropriate processes for hiring and training employees and temporary workers;
- Enhanced controls over account maintenance and configuration, particularly with respect to system administrators making access or application changes;
- Network and system controls to safeguard against the introduction of malicious code and software, including timely installation of critical software updates and patches;
- Information retention procedures;
- Disaster recovery and business continuity procedures that facilitate the timely recovery from a physical or cyber event;
- Network, system, and application segregation based on the criticality of such network, system, or application; or
- Documented processes and procedures for testing, validating, confirming, and implementing changes to an information system before such changes are applied to critical networks, software, and systems.

