

Summary of FHLB Responses to COVID-19 by Bank as Provided by CDFI FHLB Working Group Members

3/26/20 from the FHLB of Dallas

Bulletin No.: 2020-07
March 26, 2020

TO: MEMBERS SUBJECT: Collateral Policies Guidance Due to Impact of COVID-19

The Federal Home Loan Bank of Dallas (Bank) is committed to supporting our members through the COVID-19 crisis. We realize that our members and their customers may be experiencing disruptions during this difficult time. In response, the Bank is relaxing its requirements related to loan modifications, forbearance agreements and collateral delivery. The guidance outlined below is effective March 26, and the Bank will issue subsequent guidance alerting members when the guidance is no longer in effect. This guidance takes into consideration supervisory guidance received from the Bank's regulator, the Federal Housing Finance Agency (FHFA), regarding loan modifications and the banking agencies' Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus.

Loan Modifications

Effective March 26 until further notice, for borrowers impacted by COVID-19, the Bank will accept as eligible collateral loans with modifications or forbearance agreements having digital (e.g., DocuSign, Adobe Sign, etc.) or scanned signatures. Loans acceptable under this guidance include loans which are otherwise eligible as collateral, provided the member has a wet-inked signature on the original promissory note. Please refer to the Digital Signatures section below for more information.

Digital Signatures

Any agreement that is digitally signed pursuant to this guidance must include a clause similar to the following:

"Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image or other electronic means, shall be effective as delivery of an originally executed counterpart."

Delinquent Loans

The FHFA has issued guidance to allow the Federal Home Loan Banks to accept as eligible collateral residential loans from borrowers impacted by COVID-19 that are more than 90 days delinquent, provided the member has agreed to a modification or forbearance with the borrower. In addition, the Bank will accept loans in all other eligible loan categories that are more than 30 days delinquent which have a modification or forbearance agreement. This guidance does not include loans which were determined to be classified as delinquent prior to any modification resulting from COVID-19. Loans classified as substandard or doubtful, even after the modification or forbearance, are also considered ineligible. The Bank will confirm the existence of forbearance plans during the member's next onsite

review or when loans are delivered to the Bank. During the onsite review, members must be able to substantiate that a forbearance was offered under the guidance provided in this bulletin. Members delivering collateral to the Bank must continue reporting the next payment due date reflected in their records on a monthly basis. However, members will receive borrowing capacity for loans for which they have submitted a copy of their forbearance plan.

Held for Sale Originations

Currently, the Bank accepts as eligible collateral Held for Sale loans originated within the last 60 days or such other period as approved by the Bank. Effective March 26 until further notice, the Bank is approving the addition of 30 days to the period for which Held for Sale loans may be pledged to the Bank (i.e., loans originated within the last 90 days).

Collateral Delivery

Our team is working diligently to review and assign value to delivered loans. We are aware that many of our members' employees are working remotely and may not have immediate access to loan documents. The Bank is prepared to accept imaged copies of the supporting documentation to perform the loan review, and such documents still must be submitted using a secure protocol. In order to obtain full collateral value, the original promissory note still must be delivered. Please contact Collateral Services for instructions.

For more information or if you have questions regarding the information above, please contact Collateral Services at collateral@fhfb.com or 800.541.0597, Option 2.

Sincerely,

Gustavo Molina Senior Vice President and Chief Banking Operations Officer

3/30/20 From the FHLB of Chicago:

Providing Relief to You

We recognize that you and your customers are facing severe disruptions due to COVID-19, so we are announcing temporary relief on several dimensions.

- **Advances:** We have extended the March 31, 2020, deadline for executing certain advances linked to the London Interbank Offered Rate (LIBOR) that mature after December 31, 2021. We will now allow them to be transacted up to June 30, 2020. Read [our announcement](#) to learn more.
- **Collateral:** Relief provisions for collateral loan eligibility are now available. We understand you may want to enter into forbearance agreements with your borrowers to allow them flexibility during the COVID-19 pandemic. Such loans will continue to be eligible collateral, assuming they continue to meet all other eligibility requirements, as detailed in our Collateral Guidelines. Eligibility relief provisions are effective for loan collateral as of March 26, 2020, and apply to all classes of eligible loans. Read our [collateral bulletin](#) to learn more.
- **Mortgage Partnership Finance® (MPF®) Program:** At a time when borrowers have limited income, several accommodations for members who sell loans into the MPF Program have been made including forbearance and loan modification eligibility, and evictions and

foreclosures suspensions, among other temporary forms of relief. Additionally, we have also offered extension fee waivers on some delivery commitments expiring in March. Visit the [MPF announcements section on fhlbmpf.com](https://www.fhlbmpf.com) to learn more.

3/30.20 Pittsburgh Bank release. Similar to Chicago actions. Pitt confirmed advance rate remains unchanged.

FHLBank Update

FHLBank Update: Collateral Changes and Clarifications

FHLBank Pittsburgh remains focused on our continued ability to serve our members. Over the past week, we have received a number of inquiries from members wanting to ensure maximum access to liquidity or asking for Collateral Policy clarifications. The following Collateral Policy updates and clarifications are effective immediately and are intended to ease burden and provide flexibility in the current economic environment.

Qualifying Collateral Exposure to LIBOR – Reporting Deadline Extended to Sept. 30

FHLBank previously communicated to members the need to report, on the Qualifying Collateral Report (QCR) template, the amount of qualifying loan collateral indexed to LIBOR. This requirement, which was scheduled to begin on March 31, 2020, has been extended. Members will be required to report this information starting with the Sept. 30, 2020, QCR. However, FHLBank management will make the functionality to report LIBOR-linked collateral effective with the March 31, 2020, QCR. Members with reporting capability are encouraged to submit data. Please contact your Business Development Manager with any concerns related to filing the March 31, 2020, QCR.

Collateral Policy Changes and Clarifications

Effective immediately, FHLBank Pittsburgh will recognize the following as eligible collateral:

- Loans that are past due up to 89 days, and that are not on nonaccrual.
- Performing troubled debt restructurings (TDRs) as eligible loan collateral. This includes loans considered to be TDRs that are performing to agreed-upon terms after a prudent forbearance period.

Other clarifications that may be useful when evaluating collateral eligibility:

- Loans with a forbearance period up to 12 months, for all eligible loan types, are acceptable as collateral.
- Electronic signatures may be used as approval on loan modifications and loan forbearance agreements.

3/25/20 FHLB Topeka (per Dave Fisher)

Loans with Forbearance Plans and Modifications Agreements

We are offering increased collateral flexibility through acceptance of various types of forbearance plans and loan modification agreements. Such loans will continue to be eligible collateral, assuming the loans continue to meet all other eligibility requirements detailed in the Member Products and Services Guide (MPSG).

3/25/20 Dallas Bank (per Chuck Wall)

The Dallas bank has relaxed the “capital stock” buy from 4.1% to 2% on advances but with the already strict haircut provisions that have been discussed multiple times, access to those advances are still quite costly.

3/25/20 NY Bank (per Charles Hammerman)

Yesterday I spoke with Michael Beifeld at the FHLB NY (where we are a member).

Disability Opportunity Fund would be interested in getting access to funds from the bank, except the “hurdles” we have to jump over are not flexible and will not allow us to access capital quickly.

For example:

Available as yesterday’s rates: 5 year fixed at 1.6%..... that would be great money for us. BUT...

- (1) We have to pledge Treasuries or other securities
- (2) We have to have made a loan of equal value within 90 days which has a first mortgage