

Frequently Asked Questions

COVID-19-Related Collateral Matters, April 30 2020

The Federal Home Loan Bank of Dallas (FHLB Dallas) has made several collateral requirement modifications to assist members and their borrowers impacted by the COVID-19 pandemic. Beginning March 26, 2020 ([See bulletin](#)), and until further notice, FHLB Dallas began accepting as eligible collateral certain loans with forbearance plans granted to borrowers in compliance with COVID-19 guidance from your primary regulator. Answers to commonly asked questions are provided below. FHLB Dallas may update responses to these questions from time to time to align with relevant regulatory guidance.

Forbearance/Deferrals/Extensions

Will the Federal Home Loan Bank of Dallas (FHLB Dallas) accept as eligible collateral loans for which a COVID-19-related forbearance was given to borrowers?

Yes, as noted above.

For how long will FHLB Dallas keep this COVID-19-related collateral accommodation in place?

As noted above, this accommodation will remain in place until further notice. FHLB Dallas will issue a bulletin announcing the sunset of accommodations. Loans which were deemed eligible collateral under the terms of these accommodations will continue to be eligible after the sunset date.

Will FHLB Dallas require the borrower's signature or acknowledgement of the forbearance plan?

Initial 90 Days of Forbearance Period: The borrower's signature and/or acknowledgment of the forbearance plan will not be required during the initial 90 days of a forbearance plan, provided the member has provided the borrower the essential details of the forbearance plan in writing and such plan is within the COVID-19 forbearance guidance provided by such member's primary regulator. FHLB Dallas will verify the existence of the forbearance plan during the member's next collateral review or when the loan(s) are delivered to FHLB Dallas.

After Initial 90 Days:

When a COVID-19 related hardship is not resolved within 90 days, an extension of the forbearance plan (or repayment plan or other arrangement) must be signed by the borrower in order to be eligible collateral. In addition, such arrangement must comply with the COVID-19 forbearance guidance of the member's regulator. FHLB Dallas will verify the existence of the signed forbearance extension document (or repayment plan or other arrangement) during the member's next collateral review or when the loan(s) are delivered to FHLB Dallas.

For members with COVID-19 related hardship requests affecting (a) more than 50,000 loans serviced by the member or (b) greater than 15 percent of such member's servicing portfolio, whichever is smaller,

(Highly-Affected Servicing Portfolios) FHLB Dallas will waive the requirement for the borrower's signature on COVID-19 related forbearance plans that forbear up to one year's worth of payments (including forbearance arrangements that delay repayment of such payments until maturity) to the extent such plans comply with all guidance from such member's primary regulator and comply with applicable laws. Members with Highly Affected Servicing Portfolios may be subject to additional haircuts established from time to time in accordance with the FHLB Dallas' Collateral Valuation Guide.

If a loan was current prior to COVID-19, but the borrower selects a COVID-19 forbearance option, will the loan be considered eligible collateral?

Yes, if the member has provided written confirmation of the forbearance plan to the borrower that includes a description of the plan terms and the member complies with the signature requirements outlined in the prior question. In addition, such arrangement must comply with the COVID-19 forbearance guidance of the member's regulator. FHLB Dallas will verify the existence of the forbearance plan during the member's next collateral review or when the loan(s) are delivered to FHLB Dallas.

If a single-family loan was past due less than 90 days prior to COVID-19, can the member offer the customer a forbearance plan so that the loan may still be considered as eligible collateral?

Yes, if the member has provided written confirmation of the forbearance plan to the borrower that includes a description of the plan terms and the member complies with the signature requirements outlined above. In addition, such arrangement must comply with the COVID-19 forbearance guidance of the member's regulator. FHLB Dallas will verify the existence of the forbearance plan during the member's next collateral review or when the loan(s) are delivered to FHLB Dallas.

If a loan was more than 90 days past due when a COVID-19-related forbearance plan was offered, will the loan be considered eligible collateral?

No.

How will members on custody status report forbearance on the monthly update?

Members with loans in custody for which a COVID-19-related forbearance was granted must continue to provide monthly updates to FHLB Dallas reflecting the next payment due date in the members' records. Members must provide a copy of the forbearance plan provided to the borrower for any loan delivered to FHLB Dallas for which a COVID-19 forbearance plan was granted in order to receive borrowing capacity based on those loans.

Modifications

Will loans with modification agreements be accepted by FHLB Dallas as eligible collateral?

Yes. FHLB Dallas accepts loan modifications in the normal course of business. If the terms of the loan are permanently modified, FHLB Dallas requires an executed modification agreement.

Will FHLB Dallas require that a loan modification agreement be recorded?

If the original terms of the loan are modified and the original recorded instrument contains the terms outlined in the promissory note, the modification agreement must be recorded.

Will FHLB Dallas accept a loan modification agreement with a digital or scanned signature?

Yes. FHLB Dallas will accept as eligible collateral loan modifications using digital (DocuSign, Adobe Sign, etc.) or scanned signatures. Loans acceptable under this guidance include loans that 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 or Scanned Signatures

Any agreement that is digitally signed or scanned pursuant to this guidance must be in compliance with ESIGN and/or UETA and 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."

Will FHLB Dallas accept a digital or scanned signature on the note of a new origination or refinance?

No. FHLB Dallas will not accept digital or scanned signatures on notes for new loan originations. The member must obtain the borrower's wet-inked signature on the note for all new originations and refinances.

Haircuts/Pricing

Will FHLB Dallas modify prices and haircuts on loan collateral?

FHLB Dallas evaluates its loan collateral haircuts on a quarterly basis and security collateral haircuts on an annual basis, and prices on a daily basis for securities and monthly for loan collateral. In addition, FHLB Dallas may adjust haircuts and prices more frequently when the market dictates such changes.

Loan Documents

Will FHLB Dallas accept an appraisal completed under Fannie Mae's (FNMA) modified instructions for appraisals with an exterior-only inspection?

Yes, provided the appraisals are performed in accordance with FNMA's modification instructions and the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).

eNotarization

Will FHLB Dallas accept electronic notarizations on loan documents?

Yes, if electronic notarizations are authorized by the county or parish in which the documents are recorded.

Onsite Collateral Reviews

Will FHLB Dallas still perform onsite collateral verifications in 2020?

FHLB Dallas' plan is to continue performing collateral verifications once shelter-in-place restrictions have been lifted and members can accommodate a review. We are evaluating possible changes to the collateral verifications policy in consideration of the impact COVID-19 has had on members' and FHLB Dallas resources. Once a decision is made, we will make an announcement via a member bulletin.

What alternatives are available for the members that are required to have an onsite collateral verification in 2020?

Members with technical resources to facilitate a remote collateral review should contact Collateral Services for more information. Members who need to postpone a review until later in the year should contact Collateral Services at collateral@fhlb.com.

Desktop Collateral Reviews

Will FHLB Dallas still perform desktop/trial balance collateral verifications in 2020?

Yes. Members who need to postpone a review until later in the year should contact Collateral Services at collateral@fhlb.com.

Loan Deliveries and Releases for Custody Members

Is FHLB Dallas processing loan deliveries and loan releases for custody members?

The FHLB Dallas Collateral 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. FHLB Dallas 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.

[New Call Report Deadline](#)

Will FHLB Dallas recognize the extensions provided by other regulators?

Yes. FHLB Dallas will use the prior quarter Call Report data if your current quarter Call Report is not available as a result of the extension option.

[Small Business Administration Paycheck Protection Program \(SBA PPP\)](#)

Does FHLB Dallas accept SBA PPP loans as eligible collateral?

Yes. Effective, April 27, members with credit ratings A through C are eligible to pledge the SBA PPP loans. Members must agree to provide monthly reporting through FHLB Dallas' listing process. Eligible members must execute a [PPP Certification form](#) to pledge PPP loans. See our [member bulletin](#) for more information.

Does FHLB Dallas allow members to pledge SBA PPP loans to the Federal Reserve Bank?

FHLB Dallas has executed agreements with the Federal Reserve Banks of Dallas, Atlanta, St. Louis and Kansas City to assist members who want to borrow from a Federal Reserve Bank using the PPP loans as collateral. These agreements will allow members to pledge PPP loans to the Federal Reserve Banks without requiring any prior release from FHLB Dallas.

