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## **TRUIST OUTSIDE COUNSEL WEBSITE BULLETIN**

**Date: October 15, 2020**

**To: Truist Outside Counsel**

**From: Nick Cook – Truist Legal Department**

**Re: Notice of Implementation of SOFR Addenda**

Effective Thursday, October 15, 2020, the new Truist SOFR Addenda form documents will be available on the Truist Outside Counsel Website.

**Overview of the SOFR Addenda**

* As part of the transition away from LIBOR, Truist now has the ability to offer SOFR as an alternative index.
* The Addenda address how various SOFR rates will be determined.
* The variations of SOFR based rates included in the Addenda forms for Phase I of this rollout include: (i) Daily Simple SOFR with a zero, two or five day lookback period, (ii) thirty-day average SOFR (calculated in advance) with a two day or five day lookback period and (iii) ninety-day average SOFR (calculated in advance) with a two day or five day lookback period.

TheSecured Overnight Financing Rate (“SOFR”) is an overnight interest rate, calculated using actual U.S Treasury repurchase transactions, and is published by the Federal Reserve Bank of New York each business day based on U.S. Treasury repurchase transactions occurring the preceding business day. In the event that SOFR is not ascertainable or becomes unavailable, the Bank’s Prime Rate will be the applicable interest rate. SOFR based loans will be subject to interest rate floors established by the Truist Bank for such loans from time to time. If a floor rate is applicable, it should be expressed as an “all in” rate e.g. If the interest rate floor on a loan is 4% and the margin is 1%, the interest rate floor should be expressed as being 4% as opposed to any of the following: “the interest rate floor is equal to 3% plus the margin” or “the minimum index shall be 3% and the minimum interest rate shall be the minimum index plus 1%” or “the interest rate shall equal the index plus the margin provided, however, that the index shall never be less than 3%.”

To promote consistency in Truist Bank’s commercial loan documentation, please do not agree to any material amendments to the new SOFR Addenda forms without first discussing with Truist Bank internal counsel (as identified below). Please note that the SOFR Addenda on this site are only applicable to commercial loan transactions originated by Truist Bank’s Commercial Community Bank line of business and Private Wealth Management line of business. These forms should not be used in documenting loans originated by Truist Bank’s Corporate and Investment Group, ST Institutional & Government, Inc. (a/k/a STING) or any other bank subsidiary or affiliate. In addition, please note that the new SOFR Addenda are only intended to be utilized with the applicable Commercial Note form on this website and in connection with documenting transactions that will be booked on the heritage SunTrust Bank commercial loan system.

[Please see next page for important contact information]

Thank you for your attention to this matter. If you have any questions or concerns relating to the information contained in this Memorandum, please reach out to one of the following members of the Commercial Lending Legal Team:

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To ensure that no one team member is overloaded, please contact Nick Cook with respect to Georgia, North Carolina, South Carolina and Virginia transactions, Laura Frick with respect to Alabama, Maryland and Tennessee transactions, Sameer Kapoor with respect to Florida transactions and any member of the team with respect to transactions in any other jurisdiction not expressly referenced. Thank you.