



APPLICATION FOR MEMBERSHIP

Insurance Companies

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INSTRUCTIONS FOR APPLICATION

Note: *The information contained in this Membership Application (“Application”) is collected for use by the Federal Home Loan Bank of Dallas (“Bank”). The Bank will submit such information to its Board of Directors (“Board”) or the Board’s designee to enable the Board or such designee to make a decision with respect to this Application.*

- 1) Please submit the original completed Application to the Bank. You may use the attached pages or substitute your own with the same information.
- 2) In addition to completing the attached Application, the following documents and materials are required:
 - (a) Annual Statement diskettes (in NAIC format) as submitted to the NAIC for the most recent five year-end periods, as well as hard-copy financial statements from the most recent six filing periods, as filed with the NAIC.
 - (b) Copy of the Applicant's most recent Examination Report by the Applicant's primary regulator.
 - (c) Include any response letters to examination reports and copies of any administrative actions, formal or informal, and correspondence (e.g., progress reports), if applicable.
 - (d) If not in full compliance with all minimum statutory and regulatory capital requirements and the capital standards established by the NAIC, please submit complete capital plan and pro-forma financial statements.
 - (e) Copy of the Applicant's most recent audited financial statements and management letter, as prepared by a certified public accountant, or in absence thereof, the most recent, published financial statements as presented to the Applicant’s Board of Directors and internal audit reports.
 - (f) Discussion of any significant recent events (within the last three years) or changes in financial condition that would assist the Bank in evaluating the Applicant. This would include (i) deviations in trends in financial performance, (ii) recent capital infusions, (iii) changes in management or control and (iv) acquisitions or mergers. In addition, if the Applicant’s date of charter approval is within three years prior to the date the Bank receives the Application, please include a business plan with pro-forma statements.
 - (g) Articles of Incorporation or equivalent formation document and any amendments or modifications thereto, and any other charter documents or documents evidencing authority to conduct business, including any applicable licenses.
 - (h) A list of the full names of the Applicant's directors and senior officers.
 - (i) Any available ratings from companies such as A.M. Best, Standard & Poor, Weiss, etc.
 - (j) A statement from the State Insurance Commission indicating approval to join the Bank. Approval must also include any restriction to membership and a statement on the Applicant’s ability to pledge assets to the Bank.
 - (k) A written statement of (i) how the Applicant’s mortgage-related assets reflect a commitment to housing finance and (ii) how and why the Applicant’s home financing policy is consistent with the Federal Home Loan Bank System’s housing finance mission.

(continued)

(l) Please complete the following documents included in this Application:

1. Applicant Information
2. General Information
3. Minimum Stock Calculation
4. Application for Membership and Subscription for Stock
5. Board of Directors Resolution and Certification of Eligibility for Membership
6. Certificate of Management
7. Opinion to be Provided by Legal Counsel (See sample attached)
8. Statement of Insurance Company Member to be Delivered in Connection with Borrowings (See sample attached)

Please contact the Bank's Member Sales Group to obtain copies of Bank legal documents and signature cards, which the Applicant must also complete for access to all Bank products and services.

3) For additional assistance, please contact:

Member Sales Group
Toll Free: 800-442-9841
Member Sales Group Fax #: 214-441-8551
E-mail: lend@fhfb.com

4) Please forward the completed Application and accompanying documentation, along with the appropriate documents referenced in item 2(l) on this page to:

By Mail:

Member Sales Group
Federal Home Loan Bank of Dallas
P. O. Box 619026
Dallas, Texas 75261-9026

By Courier:

Member Sales Group
Federal Home Loan Bank of Dallas
8500 Freeport Parkway South, Suite 100
Irving, Texas 75063-2547

APPLICANT INFORMATION

Name of Applicant: _____

[Exact name as shown on Articles of Incorporation or equivalent formation document]

Statutory Home Office Address: _____

City _____ State _____ Zip + 4 _____

County _____

Main Administrative Office Address: _____

City _____ State _____ Zip + 4 _____

Phone Number: _____ Fax Number: _____

State of Domicile: _____

Federal Tax Identification Number: _____ Fiscal Year End: _____

Charter Number: _____ Regulator: _____

Holding Company: _____

Physical Address _____

City _____ State _____ Zip + 4 _____

Primary Contact for Membership Application: *[If contact's address is different from mailing address above, please note on a separate sheet.]*

Name _____

Title _____ Email Address _____

President/Managing Officer: *[If contact's address is different from mailing address above, please note on a separate sheet.]*

Name _____

Title _____ Email Address _____

Contacts for Financial Information: *[If contact's address is different from mailing address above, please note on a separate sheet.]*

Advances/Credit Statements: _____

Title _____ Email Address _____

Demand Deposit Account Statements: _____

Title _____ Email Address _____

Safekeeping Statements: _____

Title _____ Email Address _____

For Federal Home Loan Bank Use Only:

Date _____

Cust. ID # _____

DDA Acct # _____

FHFB ID # _____

GENERAL INFORMATION

Applicant Name: _____

1. If owned by a holding company, what were its consolidated assets (including subsidiaries) at the end of the most recent quarter? \$ _____
2. List all subsidiaries and affiliates (including any holding companies) and indicate their primary activities and the states and dates of incorporation (attach separate sheet if necessary).

Subsidiary/Affiliate	Primary Activities	State and Date of Incorporation

3. Please provide a listing of all branch office locations on a separate sheet(s).
4. Has the Applicant ever been a member of the Federal Home Loan Bank System? Yes* No

* If yes, please indicate of what Federal Home Loan Bank it was a member and when: _____

5. Is the Applicant operating under any enforcement action (this includes both formal and informal actions)?
 Yes* No

* If yes, please attach a copy of the action and any responses/progress reports to the action. If the enforcement action has been terminated but is still included on the Applicant's most recent federal regulatory exam, please attach a letter of termination.

Have any civil money penalties been assessed since the most recent federal examination? _____

6. If the Applicant has any assets pledged to a third party, please provide details on a separate sheet.
7. Has the Applicant issued any equity securities or debt securities that are traded on a national securities exchange or on an over-the-counter market? Yes No
8. Has any entity that controls the Applicant (i.e., the Applicant's holding company, if any) issued any equity securities or debt securities that are traded on a national securities exchange or on an over-the-counter market? Yes No

(continued)

If the answer to Question 7 or Question 8 is “Yes,” please list on what national securities exchange or over-the-counter market the securities are traded and the stock symbol. _____

9. Please provide as much as possible of the following information for the Bank’s trend analysis (we realize that disclosure varies widely in the insurance industry):

Quarters	Change in PHS ¹	Change in NPW ²	NPW to Surplus ³	Return on Surplus ⁴	Pure Loss Ratio ⁵	Loss Adjusted Expense ⁶	Underwriting Expense Ratio ⁷
Current							
Previous							
Previous							
Previous							
Previous							
Previous							

Year-Ends	Change in PHS ⁸	Change in NPW ⁹	NPW to Surplus ¹⁰	Return on Surplus ¹¹	Pure Loss Ratio ¹²	Loss Adjusted Expense ¹³	Underwriting Expense Ratio ¹⁴
Current							
Previous							
Previous							
Previous							
Previous							

¹ Policyholders' Surplus.

² Net Premiums Written.

³ This ratio is designed to show retained premium income, both direct and through reinsurance assumed, less payments made for reinsurance ceded.

⁴ This measure is of all operating income, after taxes and other investment gains, as a percentage of prior-year policyholders' surplus.

⁵ Losses incurred to premiums earned.

⁶ Includes reserves for incurred but not reported losses and supplemental reserves, if any.

⁷ The ratio of underwriting expenses, inclusive of commissions, to net premiums written.

⁸ Policyholders' Surplus.

⁹ Net Premiums Written.

¹⁰ This ratio is designed to show retained premium income, both direct and through reinsurance assumed, less payments made for reinsurance ceded.

¹¹ This measure is of all operating income, after taxes and other investment gains, as a percentage of prior-year policyholders' surplus.

¹² Losses incurred to premiums earned.

¹³ Includes reserves for incurred but not reported losses and supplemental reserves, if any.

¹⁴ The ratio of underwriting expenses, inclusive of commissions, to net premiums written.

MINIMUM STOCK CALCULATION
as of _____
(most recent quarter-end)

Membership Capital Stock Requirement:

Total assets as of most recent quarter-end: (1) \$ _____

0.06% (0.0006) of total assets (line 1): (2) \$ _____

Required Minimum Stock Purchase*:

Greater of (i) line (2) rounded to the next highest \$100 or (ii) \$1,000:
(Not to exceed \$25 million) (3) \$ _____

Activity-Based Capital Stock Requirement:

In addition to the Membership Capital Stock Requirement above, the Activity-Based Capital Stock Requirement will be 4.10 percent of outstanding advance balances plus 4.10 percent of the outstanding principal balances of Mortgage Partnership Finance[®] (MPF[®]) Program loans retained on the Bank's balance sheet.

* The Bank will calculate annually each member's required minimum holdings of stock in the Bank using calendar year-end financial data provided by the member to the Bank.

**APPLICATION FOR MEMBERSHIP AND SUBSCRIPTION
FOR STOCK**

Date: _____

The undersigned, duly elected, qualified and acting _____ (Title) of _____ (Name of Applicant) (“Applicant”), with Applicant’s chief executive office located at _____, certifies that the undersigned has the authority to act on behalf of the Applicant’s Board of Directors/Trustees and further certifies to the correctness of the information submitted in support of the attached Application for Membership (the “Application”).

The Applicant hereby applies for membership in the Federal Home Loan Bank of Dallas (the “Bank”) and if approved for membership will purchase the minimum amount of capital stock of the Bank required. The undersigned acknowledges that such capital stock is issued and redeemed at its \$100 per share par value. The undersigned agrees that the Applicant will initiate the minimum capital stock purchase within 60 calendar days of approval for Bank membership. The undersigned acknowledges that the amount of capital stock to be purchased as determined in accordance with the attached Minimum Stock Calculation worksheet is subject to downward or upward adjustment based upon changes in the Applicant’s financial information at the time the purchase is actually made.

The undersigned is of the opinion that the Applicant is eligible to become a member of the Bank and that the Applicant is authorized to purchase and hold capital stock in the Bank and to maintain deposits there. The undersigned understands that the Applicant’s Application must be considered, acted upon, and approved by the Bank or its designee before the Applicant can become a member of the Bank.

In submitting the Application the undersigned understands and agrees that:

- 1) The Applicant will be advised whether or not its Application is approved.
- 2) If admitted to membership, the Applicant will conform to all requirements of the Federal Home Loan Bank Act (12 U.S.C. § 1421 et seq.), as amended from time to time, and the rules, regulations, statements of policy and guidelines promulgated thereunder.
- 3) In applying for, and if the Applicant is admitted to membership, the Federal Housing Finance Board and the Bank are authorized to receive any information, exam reports and other supervisory materials provided by the appropriate State and/or Federal regulatory authority or officer exercising supervisory authority over the Applicant regarding the Applicant and its affairs.
- 4) The Applicant will not represent itself to be a member of the Bank until it receives notice of approval of membership and has purchased its minimum capital stock requirement.

Signature of President or Secretary

Name of President or Secretary [*printed or typed*]

Title (President or Secretary)

BOARD OF DIRECTORS RESOLUTION AND CERTIFICATION OF ELIGIBILITY FOR MEMBERSHIP

I, _____ (Name), certify that I am the duly elected, qualified, and acting _____ (Title) of _____ (Name of Applicant) (“Applicant”) and that I have the authority to act on behalf of the Applicant’s Board of Directors/Trustees. I further certify that at a regular meeting of the Applicant’s Board of Directors/Trustees or at a special meeting thereof called for that purpose, a quorum being present, the following resolutions were adopted, and recorded in the minutes as follows:

“BE IT RESOLVED that this institution applies for membership in the Federal Home Loan Bank of Dallas (the “Bank”), that if approved for membership it will subscribe and pay for stock therein as provided in the Federal Home Loan Bank Act (the “Act”), as amended from time to time, and the rules, regulations, statements of policy and guidelines promulgated thereunder, and that such institution be fully authorized to do business with, and exercise all of the privileges of membership in the Bank as provided in the Act.”

BE IT FURTHER RESOLVED that in connection with the application for membership in the Bank, this institution has reviewed the requirements of 12 C.F.R. Part 925 and, as required by 12 C.F.R. Part 925, has provided to the best of this institution’s knowledge the most recent, accurate and complete information available;

BE IT FURTHER RESOLVED that this institution will promptly supplement the application for membership in the Bank with any relevant information that comes to this institution’s attention prior to the Bank’s decision on whether to approve or deny the application for membership, and if the Bank’s decision is appealed pursuant to 12 C.F.R. § 925.5, prior to resolution of any appeal by the Federal Housing Finance Board (the “Finance Board”);

BE IT FURTHER RESOLVED that this institution consents to such examinations as the Bank or the Finance Board may require for purposes of the Act;

BE IT FURTHER RESOLVED that this institution agrees that reports of examinations by local, state or federal agencies or institutions may be furnished by such authorities to the Bank or the Finance Board upon request;

BE IT FURTHER RESOLVED that this institution agrees to give the Bank or the appropriate Federal banking agency, upon request, such information as the Bank or the appropriate Federal banking agency may need to compile and publish cost of funds indices and to publish other reports or statistical summaries pertaining to the activities of Bank members;

BE IT FURTHER RESOLVED that this institution agrees to provide the Bank with calendar year-end financial data each year, for purposes of making the calculation described in 12 C.F.R. § 925.22(b)(1);

BE IT FURTHER RESOLVED that this institution agrees to provide the Bank with copies of reports of condition and operations required to be filed with the institution’s appropriate Federal banking agency, if applicable, within 20 calendar days of filing, as well as copies of any annual report of condition and operations required to be filed; and

BE IT FURTHER RESOLVED that the president and secretary of this institution be authorized and directed to execute an application for membership as prescribed by the Finance Board and any other papers and documents required in connection therewith, to pay all expenses, and to do all other things necessary or proper in connection with applying for, obtaining and retaining such membership privileges thereof as the Finance Board may prescribe by regulations.”

(continued)

I further certify that, pursuant to said resolution, the foregoing Application for Membership was duly executed and that any information and documents required by the Finance Board are attached or accompany the same, that said information is correct and said documents are true and correct copies of what the same purport to be.

Date

Signature of Authorized Officer

Name of Authorized Officer [*printed or typed*]

Title of Authorized Officer

CERTIFICATE OF MANAGEMENT

I, _____ (Name), certify that I am the duly elected, qualified and acting _____ (Title) of _____ (Name of Applicant) (“Applicant”) and that I have the authority to act on behalf of the Applicant’s Board of Directors/Trustees. I further certify that the statements and representations, which are made below, are true and correct to the best of my knowledge and belief; and that I have made all necessary reviews and inquiries of the Applicant's and its related parties' books and records, and officers, employee and agents before making this certification to assure that it is full and complete.

For the purposes of this certification the term “related entity” shall mean Applicant's management officials; any individual or entity that controls or is controlled by or is under common control with the Applicant; and any other entity that is controlled by any of the Applicant's management officials. An individual or entity shall be presumed to have control of a company or organization if the individual or entity directly or indirectly, or acting in concert with one or more individuals or entities, or through one or more subsidiaries, owns or controls the management or policies of an entity or person.

“Management officials” shall mean those individuals within Applicant's organization who have substantial responsibility for the direction and control of Applicant's policies and operations. They include but are not limited to:

- 1) a director or senior officer; or
- 2) a controlling person, which means any person or entity which directly or indirectly, or acting in concert with one or more persons or entities owns or controls 25% or more of the voting shares or rights of the Applicant.

Except as disclosed on the attached Schedule(s), if any, neither the Applicant nor any of its related entities:

1. Is subject to, or operating under, any enforcement action instituted by its appropriate regulator;
2. Has been the subject of any criminal, civil or administrative proceedings reflecting upon creditworthiness, business judgment, or moral turpitude since the most recent regulatory examination report;
3. Is the subject of any known potential criminal, civil or administrative monetary liabilities, material pending lawsuits or unsatisfied judgments since the most recent regulatory examination report, that are significant to the Applicant’s operations;
4. Is the subject of any known criminal, civil or administrative proceedings in which any of them is alleged to have engaged in a fraudulent activity or has been charged with the commission of a felony or which seeks a remedy that would prevent or materially interfere with Applicant's ability to continue its business;
5. Is currently excluded from any federal procurement or non-procurement program or participation in any program of the Department of Housing and Urban Development;
6. Is subject to an unsatisfied final judgment in favor of the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Office of Thrift Supervision or Resolution Trust Corporation;
7. Is a party to a lawsuit in which any regulatory agency is seeking recovery in excess of \$50,000 from the Applicant or any related entity;

(continued)

8. Is subject to a consent agreement, or administrative or judicial order of removal or prohibition preventing Applicant or any related entity from participating in the affairs of any insured depository institution or federal or state regulated business or enterprise;
9. Has caused a substantial loss in excess of \$50,000 in total to a federal deposit insurance fund;
10. Has been convicted of a felony; or
11. Has been denied membership in a Federal Home Loan Bank for any reason.

[Indicate the number of attached sheets] _____

Date

Signature of Authorized Officer

Name of Authorized Officer [*printed or typed*]

Title of Authorized Officer

OPINION TO BE PROVIDED BY LEGAL COUNSEL

[Letterhead of Counsel]

[Date]

Federal Home Loan Bank of Dallas
P.O. Box 619026
Dallas, Texas 75261-9026
Attn: Lending & Marketing Division

Dear Sir or Madam:

We have acted as counsel to [*name of member insurance company*] (“Member”) in connection with the execution of an *Advances and Security Agreement* (the “Advances Agreement”), related documents, and the delivery of collateral in support of the Advances Agreement between the Federal Home Loan Bank of Dallas and Member. In such capacity, we have examined a copy of the Advances Agreement and related documents. We have also reviewed certain corporate proceedings of Member, applicable Federal law and applicable law of the State of [*state*] including any applicable regulations promulgated by the Insurance Commissioner of the [*state*] Department of Insurance.

Based upon the foregoing and having regard for such legal considerations as we deem relevant, we are of the opinion that Member has full corporate power to execute and deliver the Advances Agreement, including the ability to pledge and grant a security interest in collateral supporting its obligations under the Advances Agreement. Such actions have been duly authorized by necessary corporate action and do not violate and are not in conflict with any provisions of law, regulation, or of the formation and governing documents of Member. Any required authorization of, exemptions by, and filings with any governmental or other authority made in connection with Member's execution, delivery, and performance of the Advances Agreement and the related pledge of and grant of a security interest in collateral have been obtained or made and are valid and subsisting.

Very truly yours,

[Name of Firm]

**STATEMENT OF INSURANCE COMPANY MEMBER
TO BE DELIVERED IN CONNECTION WITH BORROWINGS**

[Letterhead of Insurance Company Member]
[Date]

The undersigned, _____ (the "Borrower"), in connection with the execution of an Advances and Security Agreement (the "Advances Agreement"), related documents and the delivery of collateral in support of the Advances Agreement between the Federal Home Loan Bank of Dallas ("Bank") and the Borrower, in addition to the certifications and undertakings made by the Borrower pursuant to the Advances Agreement, further certifies and undertakes certain obligations as follows:

1. The Borrower has full corporate power and has been duly authorized to execute and deliver the Advances Agreement and to pledge and grant a security interest in collateral supporting its obligations under the Advances Agreement.

2. The Borrower will not permit any action to be taken by it that would result at any time in any advance made to the Borrower by the Bank, or any pledge of or grant of a security interest in assets made by the Borrower to the Bank, to violate or be in conflict with any provision of state or federal law, regulation, or order, or the formation or governing documents of the Borrower.

3. The Borrower will make or obtain in a timely manner, and will promptly furnish the Bank with copies of, any and all required reports, filings, or authorizations required by governmental or other authorities in connection with advances made by the Bank and pledges of and grants of a security interest in assets by the Borrower in favor of the Bank.

IN WITNESS WHEREOF, _____, through its duly authorized officer, has executed a copy of this certification as of the ____ day of _____, ____.

Name of Insurance Company Member

Signature of Authorized Officer

Name of Authorized Officer [*printed or typed*]

Title of Authorized Officer

FEDERAL HOME LOAN BANK SYSTEM COMMUNITY SUPPORT REQUIREMENT

Notice to Applicants

The Federal Home Loan Bank Act (12 U.S.C. § 1421 et seq.) requires the Federal Housing Finance Board (“Finance Board”) to develop regulations to condition financial institutions' access to Federal Home Loan Bank (“FHLBank”) long-term advances on members' meeting certain standards of community investment or service. Long-term advances are defined by the Finance Board as advances with a term greater than one year. Community Support regulations to implement the law may be found at 12 C.F.R. Part 944.

Each quarter, the Finance Board will select at random a portion of the FHLBank System members for Community Support review. All FHLBank System members will be reviewed approximately once every two years. At the same time the members selected for review are notified, the applicable FHLBank will send a notice to community groups and other interested members of the public.

Under the Community Support regulations, members of the FHLBank System will be required periodically to send their FHLBanks a completed Community Support Statement (“Statement”). This Statement will include the following:

1. Information concerning assistance to first-time home buyers;
2. Information concerning any violations of the Fair Housing or Equal Credit Opportunity Act; and
3. Any other relevant information the member wishes to include.

The FHLBank of Dallas (“Bank”) will be available to assist the member in completing the Statement. Once completed, the Bank will forward the Statement to the Finance Board for evaluation. Although the Bank will not evaluate the Statement, the Finance Board will review the Statement for evidence of Community Support.

The Bank has established a Community Support Program to assist members in complying with these requirements. The Bank staff will be available to assist members in complying with their preparation of Statements and other information related to these requirements. For questions concerning the Community Support requirements, please contact our Office of Community Investment at (800) 362-2944.