

Digitally Executed Promissory Note (DEPN)

Federal Home Loan Bank of Dallas | Effective October 1, 2026

What is a digitally executed promissory note (DEPN)?

- A DEPN is any promissory note created, signed and stored electronically, then pledged to the Federal Home Loan Bank of Dallas (FHLB Dallas) as collateral
- There are two forms: eNote and Digital Note—each has distinct legal and operational requirements

Two DEPN Types

eNote:

- An eNote is a transferable record under Uniform Commercial Code (UCC) Articles 3 and 9
- It is controlled through the MERS eRegistry and stored in an approved eNote vault
- eNotes are used for pledging:
 - Residential one-to-four-family first mortgages
 - Closed-end second mortgages

Digital Note:

- A Digital Note is not a transferable record
- It is controlled through a UCC Article 8 securities account maintained by a securities intermediary
- Digital Notes are used for pledging:
 - Commercial real estate (CRE)
 - Multifamily (MF) assets
 - Agricultural (Ag) assets
 - Home equity line of credit (HELOC) collateral

Eligibility Highlights (Both Types)

- Must be ESIGN/UETA-compliant consent and signing
 - Includes visible signature representation and the borrower's name
- Must have a full life-cycle audit trail and tamper-evident sealing of signed records
 - Ensures the document shows all activity and indicates any attempts to alter it
- Note must include a clause giving the holder the right to convert the electronic note to paper
- FHLB Dallas retains sole discretion to modify requirements and discount or reject collateral

Ineligibility (Common Pitfalls)

- Imaged copies of wet-ink paper notes
- Signatures captured by audio/video recording or biometrics (fingerprint, voice, facial and retinal)
- Digital Notes with any wet-signed modifications, extensions or changes in terms

Pledging Checklist—eNotes

- Execute the eNotes addendum to the FHLB Dallas Advances and Security Agreement
- Join MERS and sign the eRegistry addendum, and designate FHLB Dallas as the secured party
- Select an FHLB Dallas-approved eVault and complete connectivity testing
- Register each eNote within one business day of closing, obtain the MIN, add FHLB Dallas as the secured party and transmit the eNote through MERS eDelivery to the eVault

Pledging Checklist—Digital Notes

- Execute the Digital Notes addendum
- Enter a tri-party digital collateral control agreement with a securities intermediary and FHLB Dallas, and open the securities account
- Implement and test with the securities intermediary and FHLB Dallas, and FHLB Dallas enables Digital Note collateral type codes
- Originate Digital Notes per requirements, deposit authoritative copies into the securities account and pledge through your standard reporting method

System & Operational Requirements**eNotes:**

- Single-record signing
- Transferable Record clause included
- Authoritative Copy held in an approved eNote vault integrated with MERS
- Periodic reconciliation and seal validation
- Strong encryption and MFA

Digital Notes:

- Ongoing authentication
- UETA-compliant send and receive
- Custody controls at the securities intermediary
- Comprehensive audit trail
- Encryption
- Role-based access
- Portfolio liquidation and paper-out processes

Differences at a Glance**Legal basis**

- eNote: ESIGN/UETA transferable record
- Digital Note: UCC Article 8/9 financial asset

Control location

- eNote: MERS eRegistry and an approved eNote vault
- Digital Note: Securities account at a securities intermediary

Eligible assets

- eNote: Residential
- Digital Note: CRE, MF, Ag and HELOC

Modifications

- Must be electronic and stored with the Authoritative Copy
- Wet-signed changes make Digital Notes ineligible

Contacts & Next Steps

- Coordinate with FHLB Dallas Collateral Services to execute required addenda and complete testing
- Align your eClosing, vaulting and custody vendors with the technical standards and audit trail expectations