

A Fixed-Rate FOTO Advance May Be a Good Option

Lower Your Funding Costs by Selling FHLB Dallas Options

The FHLB Dallas Owns the Option (FOTO) advance is a fixed-rate, non-amortizing, puttable advance that offers a lower interest rate in exchange for selling FHLB Dallas options to put (terminate) the advance prior to maturity. The minimum transaction amount is **\$5 million** and may not exceed 33 percent of a member's total advances outstanding immediately following execution. Maturities range from two to 15 years with various lockouts.



FHLB Dallas Owns the Option

How It Works

A member executes a FOTO advance in conjunction with selling FHLB Dallas options to put (terminate) the FOTO advance prior to maturity. During the lockout period at the beginning of the advance term, FHLB Dallas may not terminate the FOTO advance but may choose to terminate it on one of the quarterly exercise dates after the lockout period. The more options the member sells to FHLB Dallas, the greater the rate reduction, compared to a like-maturity, fixed-rate, fixed-term (FRFT) advance with no embedded options.

Terms	<ul style="list-style-type: none"> Two- to 15-year maturities with various lockouts Quarterly FHLB Dallas option exercise dates after lockout period
Minimum Transaction	<ul style="list-style-type: none"> \$5 million; may not exceed 33 percent of member's total advances outstanding immediately following execution.
Interest Rate	<ul style="list-style-type: none"> Actual/360
Principal and Interest Payments	<ul style="list-style-type: none"> Interest due monthly; debited first business day of the month for amount accrued through last day of previous month Principal and remaining accrued interest is due at maturity New York Banking Days are used
Funds Availability	<ul style="list-style-type: none"> FOTO advance availability is subject to FHLB Dallas' discretion and in no event may it exceed the member's unused borrowing capacity FOTO advance requests should be transacted by 3:30 p.m. CT for best execution
FOTO Advance Agreement	<ul style="list-style-type: none"> Executed agreement must be on file prior to trade execution, in addition to certification of mandatory education being completed
Pricing	<ul style="list-style-type: none"> Available upon request

Upon request, the *Flipper feature* can be added to a FOTO advance. A FOTO advance with the flipper feature has a floating rate for the duration of the lockout term that automatically converts to a fixed rate (agreed upon at issuance) on the rate conversion date for the remaining duration of the advance.

FEATURES

- Lower-cost source of funds compared to a like-maturity, fixed-rate, fixed-term (FRFT) advance with no embedded options
- \$5 million minimum transaction; 33 percent borrowing cap
- Maturities of two to 15 years with various lockouts
- Replacement funding available at then-prevailing rate subject to FHLB Dallas' credit and collateral requirements

For more information, visit fhlb.com or contact:

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