

Agreement for Standby Letter of Credit Advances/Confirmation

This Agreement for Standby Letter of Credit Advances/Confirmation (as amended, restated, or otherwise modified from time to time, the "**Agreement**") is by and between the undersigned Member institution ("**Member**") and Federal Home Loan Bank of Dallas (the "**Bank**"). Member submits applications from time to time to Bank for the issuance of Credits (defined below). In consideration of the issuance of such Credits by the Bank (at the option of the Bank from time to time following its approval of an application submitted by Member), Member, by and through the undersigned authorized officers, agrees to the following terms and conditions of this Agreement.

1. DEFINITIONS.

As used in this Agreement, the following terms have the following meanings:

"**Banking Day**" means a day on which the Bank is regularly open.

"**Credit**" means an irrevocable standby letter of credit or confirmation of standby letter of credit issued by Bank for the account of Member.

"**L/C Disbursement**" means any payment made by Bank pursuant to a Credit.

"**L/C Exposure**" means the sum of (i) the aggregate undrawn outstanding Credits *plus* (ii) the aggregate unreimbursed L/C Disbursements.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Advances Agreement (defined below) or the Credit Policy (defined below), as applicable.

2. AGREEMENTS.

Member agrees to maintain with the Bank an advances, collateral pledge and security agreement (an "**Advances Agreement**") in such form and with such amendments, restatements, and other modifications as the Bank may specify, throughout the term of this Agreement and the term of any Credits issued pursuant hereto.

3. APPLICATION AND CONFIRMATION.

Member may request that Bank issue Credits for Member's account by (a) delivering to Bank an "Application for Standby Letter of Credit Advance/Confirmation" or an "Application for Standby Letter of Credit/Advances to Secure Deposits of Multiple Public Units" or (b) submitting a request for a Credit through the Bank's private internet network or other electronic transmission approved by the Bank (each a "**Letter of Credit Application**"). Each Letter of Credit Application shall contain a request for the issuance of a Credit, an issuance date (which must be a Banking Day), an expiration date or specific term of such Credit, the amount of such Credit, the name and address of the beneficiary and other information necessary to prepare the Credit. In no event shall the Bank have any obligation to issue, amend, renew, or extend any Credit. Subject to the terms and conditions hereof and the Member Products and Credit Policy (in the form posted from time to time on Bank's website at www.fhlb.com the "**Credit Policy**") of the Bank (which is expressly incorporated herein by this reference and shall apply to all matters with respect hereto, except to the extent that any term or condition of this Agreement is inconsistent therewith), a Credit will be issued upon Bank's receipt, review, and approval of a Letter of Credit Application, and a confirmation thereof shall be given to Member in such form as the Bank may specify.

3. REIMBURSEMENT.

Member unconditionally and irrevocably agrees to indefeasibly reimburse the Bank for the amount of each L/C Disbursement, without defense, set-off or counterclaim, by depositing immediately available funds into the Deposit

Account of Member, irrespective of the enforceability of any Credit or validity of any L/C Disbursement. Each reimbursement will be due, without presentment or demand, on the day of each L/C Disbursement.

The Bank may permit Member to finance such reimbursement, in which case the Bank will deem the L/C Disbursement a request by Member for a one day Advance to be rolled over daily; provided that Member may request such Advance be converted in accordance with the Credit Policy. The date of such Advance will be the date of the L/C Disbursement and the interest rate will be determined in accordance with the Credit Policy.

The Bank is authorized to charge the Deposit Account of Member or to apply the proceeds of any Collateral pledged by Member to the Bank to any amount due under this Agreement.

4. FEES AND CHARGES.

Member will pay fees to the Bank in respect of each Credit at such rates and times as set forth in the Letter of Credit Application, the Credit Policy and the Advances Products Guide in accordance with the Bank's standard fees then in effect.

5. TERMS AND CONDITIONS.

(a) Member agrees to use Credits only for purposes permitted under the rules and regulations of the Federal Housing Finance Agency and the policies and procedures of the Bank as may be in effect from time to time.

(b) Member agrees not to use any Credit to guarantee the refinancing of repurchase agreements, to guarantee commercial paper, or to collateralize any tax-exempt bonds or notes, unless the Bank's issuance of a Credit will not cause the bonds or notes to be taxable (including pursuant to the tax exemption for bonds issued in connection with a statutorily qualified housing program set forth in Section 149(b)(3)(C) of the Internal Revenue Code).

(c) Credits shall contain a specific expiration date or be for a specific term, and be in amounts as may be requested by Member and agreed to by the Bank.

(d) Credits may not be transferred or assigned by the designated beneficiary of such Credits, except with the express prior written consent of the Bank.

(e) Subject to the terms and conditions of this Agreement, upon actual presentation of a payment request in the form of a Draft drawn by a designated beneficiary under a Credit (herein "**Draft**"), the Bank will pay in immediately available funds in accordance with terms of the Credit the full amount of the Draft, not to exceed, together with any previously paid Drafts under such Credit, the maximum amount of the Credit.

(f) Drafts presented for payment shall include the Credit number, the name of Member, the complete address of the principal office of Member, and a certification by the designated beneficiary that demand has been made by the designated beneficiary to Member for performance of the obligation owed by Member to the designated beneficiary and said demand has not been satisfied by Member.

(g) Member agrees that the Bank is not required to examine any documentation supporting the demand of any designated beneficiary for payment represented by any Draft.

(h) The Bank will promptly examine all documents presented with each Draft and determine whether to honor such Draft. The Bank will notify Member by telephone, email or other reasonable means of such demand for payment and whether the Bank has made or will make an L/C Disbursement; provided that any failure or delay in giving such notice will not constitute negligence by the Bank and will not relieve Member of its obligation to reimburse the Bank for such L/C Disbursement. The Bank is expressly authorized to honor properly presented Drafts drawn under or purporting to be drawn under any Credit, notwithstanding any allegation of fraud or performance as to the underlying agreement, obligation, or other arrangement between Member and the designated beneficiary. The Bank is expressly authorized to contest any attempt by Member to enjoin payment by the Bank of a properly drawn and presented Draft under or purporting to be under any Credit. Knowledge by the Bank of any attempt by Member to obtain an injunction or to institute or pursue any other legal proceedings designed to enjoin payment by the Bank will not constitute legally

sufficient grounds for the Bank to stop processing a properly drawn and presented Draft under or purporting to be under any Credit.

(i) In the event that Member attempts to enjoin payment by the Bank of a properly drawn and presented Draft under or purporting to be under any Credit, Member will provide reasonable and actual prior written notice to the Bank and to the designated beneficiary of any hearing on any legal action or suit designed to enjoin such payment by the Bank.

6. COLLATERAL PLEDGE AND SECURITY AGREEMENT.

As security for all indebtedness of Member under this Agreement and Credits issued and funded hereunder, Member hereby assigns, transfers, and pledges to the Bank and grants to the Bank a security interest in all collateral pledged to the Bank as provided under its Advances Agreement with the Bank and hereunder, and all of the proceeds of the foregoing. The terms and conditions of the Advances Agreement entered into between Member and the Bank applicable to security interests and collateral also shall be applicable to any Credit issued and L/C Disbursement made whenever so issued or made to the same extent and in the same manner as though funds have been advanced to Member including, but not limited to, the provisions of the Advances Agreement relating to delivery of collateral and relating to defaults. All collateral pledged to the Bank and the security interest in the collateral created in favor of the Bank pursuant hereto and the Advances Agreement shall secure the obligations of Member under this Agreement and Credits issued hereunder without further consideration than the promise of the Bank to pay Drafts presented hereunder.

7. INDEMNIFICATION; WAIVER.

Member agrees to indemnify the Bank and hold it harmless from any losses, liability, costs, and expenses, including without limitation reasonable attorneys' fees and costs, arising from or under this Agreement, from or under any Credit issued and L/C Disbursement made hereunder, and from any honor or dishonor of Drafts presented for payment hereunder, except such as may arise from the failure of the Bank or its employees or agents to exercise good faith in honoring or dishonoring such Drafts as may be presented pursuant to Credits issued hereunder. Member's obligations under this paragraph shall survive the expiration or termination of this Agreement.

The Bank shall have no liability arising out of (a) the issuance, transfer, honor or dishonor of any Credit, (b) any advice regarding any issuance or any transaction underlying or related to a Credit (c) causes beyond the control of the Bank (d) the solvency of any account party or beneficiary of any Credit or (e) the misuse of any Credit, in the absence of gross negligence or willful misconduct on the part of the Bank.

8. NOTICES.

Any notice to be given hereunder, including a notice to effect a change in the Bank's or Member's address or facsimile number for notice, except as otherwise set forth in this Agreement, shall be given in writing and addressed to the Bank or Member at the address or facsimile number set forth below, as amended in accordance with this paragraph, and shall be deemed to have been given when actually received, or four (4) days after posting in the United States Postal Service if given by registered mail, whichever is less. Notices shall be given to:

Federal Home Loan Bank of Dallas | Attn: Member Sales Department
8500 Freeport Parkway South, Suite 100 | Irving, Texas 75063-2547
Fax: 214-441-8551

and to:

(Full Corporate Name of Member)

(Attn:)

(Address of Principal Offices)

(City, State, Zip Code)

(Facsimile Number)

9. ENTIRE AGREEMENT; AMENDMENT AND RESTATEMENT.

This Agreement supersedes all prior discussions, agreements, and understandings between the parties hereto with respect to the matters contained herein and incorporated by reference, and this Agreement contains all of the agreements between the parties hereto with respect to the transactions contemplated hereby. To the extent Member and the Bank have entered into an Agreement for Standby Letter of Credit Advances/Confirmation prior to the date hereof (the "Existing Agreement"), (a) this Agreement amends and restates in its entirety the Existing Agreement, (b) this Agreement does not extinguish the indebtedness, liabilities, and obligations of Member outstanding in connection with the Existing Agreement nor does it constitute a novation with respect to such indebtedness, liabilities, and obligations of Borrower, (c) all indebtedness, liabilities, and obligations of Borrower under the Existing Agreement are renewed and continued and hereafter shall be payable in accordance with this Agreement; provided, however, for matters relating to the accrual and payment of interest and fees and relating to indemnification arising prior to the effective date of this Agreement, the terms of the Existing Agreement shall control and are hereby ratified and confirmed, (d) this Agreement shall not result in or constitute a waiver of or a release, discharge, or forgiveness of any amount payable pursuant to the Existing Agreement, (e) all security interests and liens previously granted by Member pursuant to the Existing Agreement are hereby renewed and continued, and all such security interests and other liens shall remain in full force and effect as security for all indebtedness, liabilities, and obligations of Member to the Bank, (f) any default under the Existing Agreement shall constitute an Event of Default hereunder, and (g) Collateral furnished pursuant to this Agreement shall also secure all indebtedness, liabilities, and obligations of Member to the Bank under the Existing Agreement.

10. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective authorized and permitted representatives, successors, and assigns.

11. DEFINED TERMS.

Terms defined in any part of this Agreement shall have the defined meanings wherever capitalized. As used in this Agreement, "herein", "hereinafter", "hereunder" and "hereof" shall refer to this Agreement in its entirety and such terms are not limited to specific paragraphs or sentences. Wherever appropriate in this Agreement the singular shall be deemed to refer to the plural and the plural to the singular. Pronouns of a certain gender shall be deemed to comprehend either or both of the other genders. The term "person" shall be deemed to refer to any individual person, combination of persons, or any other legal entity.

12. FURTHER ASSURANCES.

Member shall execute such additional documents and take such other action as may be reasonably requested by the Bank to effectuate the intent of this Agreement.

13. APPLICABLE LAW; SEVERABILITY.

Each Letter of Credit Application, Credit and this Agreement, and all matters incidental thereto, shall be governed by the Federal Home Loan Bank Act, the rules, regulations, guidelines, and statements of policy of the Federal Housing Finance Agency and Federal Home Loan Bank System and, except to the extent inconsistent therewith, the laws of the State of Texas without giving effect to the principles of the choice of laws thereof and, except to the extent inconsistent with the foregoing, the Uniform Commercial Code, the Uniform Customs and Practice for Documentary Credits Publications No. 500 and No. 600 or the International Standby Practices 1998, as applicable, and any revisions thereof. Any provision of this Agreement that is prohibited or unenforceable shall not be in effect to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof.

14. JURISDICTION; LEGAL FEES.

Member expressly agrees that any action or proceeding with respect to the performance or nonperformance of any term or condition contained herein shall be resolved by the United States District Court for the Northern District of Texas or, if such action or proceeding may not be brought and maintained in said court, by an appropriate District Court of the State of Texas for the County of Dallas. Member agrees that if any action or proceeding is brought by Member seeking to obtain any legal or equitable relief against the Bank under or arising out of this Agreement or any transaction contemplated

hereby and such relief is not granted by the final decision after any and all appeals of a court of competent jurisdiction, Member shall pay all reasonable costs and attorneys' fees incurred by the Bank in connection therewith.

15. CAPTIONS AND HEADINGS.

The captions and headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

16. EFFECTIVE DATE AND TERMINATION.

This Agreement shall be effective upon the date of its acceptance by the Bank at its offices in Irving, Texas. This Agreement shall remain in effect until terminated by either the Bank or Member upon written notice to the other party. This Agreement also shall terminate upon the voluntary or involuntary withdrawal of Member from membership in the Bank. No termination shall affect the liability of any parties on any Credit that has been issued prior to such termination. Member agrees that upon termination of the Agreement, if any Credits are then outstanding hereunder, (a) Member shall maintain with the Bank deposits or other collateral in such amount and form as the Bank may require to secure the L/C Exposure and (b) the terms and provisions of this Agreement shall remain in effect until no Credits are outstanding.

IN WITNESS WHEREOF, Member, by authority of its Board of Directors or other governing body, has caused this Agreement to be executed by its duly authorized undersigned officer on this _____ day of _____, 20____.

Full Corporate Name of Member

Signature

Authorized Officer

Title

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed and accepted by its duly authorized officer on this _____ day of _____, 20____.

FEDERAL HOME LOAN BANK OF DALLAS

Signature

Authorized Officer

Title