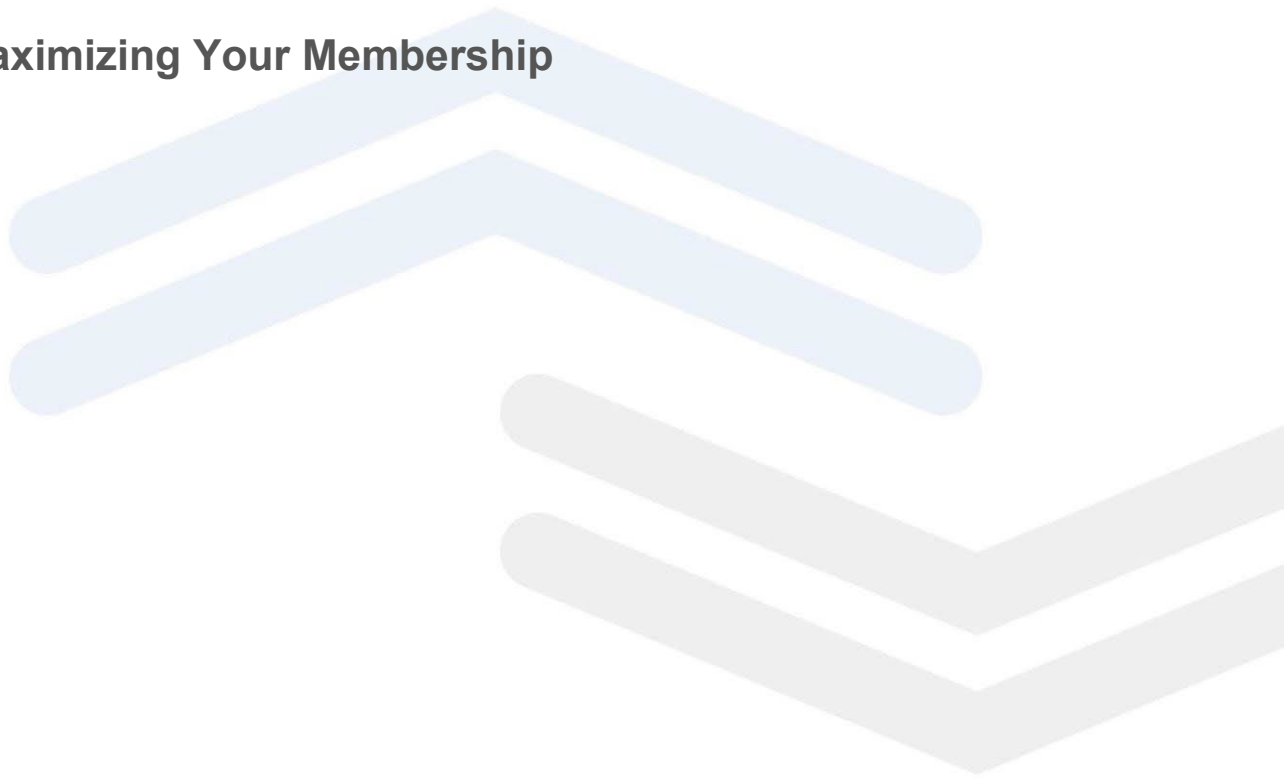




Member driven.
Community focused.

Advances Products Guide
Maximizing Your Membership



Mission Statement

The Federal Home Loan Bank of Dallas is a member-owned financial intermediary with the primary mission of supporting homeownership, affordable housing and community lending through its member institutions.



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Credit Mission

The Federal Home Loan Bank of Dallas (Bank) provides financial products and other services to help members fund housing, small business, small agri-business, and economic and community development loans in their communities. The Bank also supports the expansion of affordable housing opportunities and community revitalization through specialized community investment advances and grant programs. We are committed to offering these products and services in a fair and impartial manner, without discrimination against any member.

For purposes of this Advances Products Guide, the term “member” will be used generally to refer to any of the following entities that do business with the Bank: members, borrowers, customers, Participating Financial Institutions, Community Financial Institutions, Large Financial Institutions, non-member borrowers, or housing associates. In those cases, where a product, service, term or condition applies to any of these entities specifically, they will be referred to individually and appropriately defined.

The Bank is required by regulation to make advances solely on a secured basis. All members are required to maintain sufficient acceptable collateral and capital stock in order to fully secure all advances obligations. Members must meet the Bank’s credit and collateral underwriting criteria at the time an advance is funded, as stated in our current Member Products and Credit Policy (Policy).

Advances Benefits

The Bank’s primary function is to provide its members with a reliable source of secured credit in the form of advances. Advances enhance the financial strength of our members by providing a vehicle to match-fund residential mortgage loans, fund deposit withdrawals, and meet liquidity needs.

By using advances for match-funding purposes, our members can reduce the impact of interest-rate volatility. As a result, you can be more competitive as you offer longer term, fixed-rate loans to your customers. Our advance maturities range from overnight to 30 years, allowing flexibility in selecting the maturity that best complements your financial strategy. In addition, we provide a commitment plan that permits guaranteed availabilities and rates for future-term borrowings. Advances are offered at fixed or floating rates with specific maturities or with embedded options for early redemption.

We also offer access to Letters of Credit and various economic development programs, as outlined in this guide. Your member sales officer can help you evaluate the benefits of using our credit programs, such as:

- Competitive pricing
- Full range of maturities (from overnight to 30 years)
- Customized amortization or repayment schedules
- Fixed and floating rates
- Same-day or future-dated funding availability
- Funding alternative to deposits without the associated costs of account servicing, potential deposit insurance premiums, and other administrative costs.
- Interest-rate risk management
- Embedded options

Advances Programs

The essential elements of our advances programs are presented in the following pages. These descriptions contain information on fees, rates, maturities, and other terms for each type of advance or other extension of credit. Authority to establish and adjust fees, rates, maturities, and other terms of our advances programs is delegated by the Bank's Board of Directors to the executive management of the Bank. Management may, in its sole and absolute discretion, modify the terms and conditions with respect to any of the credit products offered by the Bank. A copy of our current Member Products and Credit Policy can be obtained by calling the Member Services desk or by visiting our web site at fhlb.com.

Administration of the advances programs will be consistent with the current policy; directives of the Federal Home Loan Bank Act; and the rules and regulations, statements of policy, and guidelines of the Federal Housing Finance Agency.

If the advances structure you require is not identified in this product guide, call the Member Services desk at 844.FHLBank (844.345.2265) to discuss a customized advance designed to meet your needs.

PRICING

Interest rates on advances are adjusted from time to time to reflect current developments in the capital markets. Pricing criteria and standards are referenced in the policy.

Information on advances rates can be obtained by calling the Member Services desk at 844.FHLBank (844.345.2265), visiting our web site at fhlb.com, or on SecureConnect — the Bank's virtual private network.

COMMITMENT FEES

Fees may be assessed on a rate, dollar, and/or term commitment at the Bank's discretion under 12 C.F.R. 935.8 (a), which is referenced in the Policy.

EXAMPLES

All advances product examples in this document are provided for illustrative purposes only and are not meant to indicate their applicability to any individual situation.

TYPES OF ADVANCES

SecureConnect Advances Short-Term Maturities

| Type | Term | Interest Rate | Interest/Day | Availability |
|-----------------|-----------------------------------------|----------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maximizer (MAX) | Overnight, fixed Floater, up to 30 days | Priced daily based on the Bank's discount note market. | Actual/360 | <ul style="list-style-type: none"> Member executes advance on SecureConnect by 10:00 a.m. CT. No cap Does not count against \$50 million SCS cap (see SecureConnect Saver below) |
| | | Floating rate, adjusting daily based on the Bank's discount note market. Interest collected daily. | Actual/360 | |

| | | | | |
|-----------------------------|-------------------------------------|--------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SecureConnect Saver (SCS) | Overnight | Priced daily based on the Bank's discount note market | Actual/360 | <ul style="list-style-type: none"> Member executes advance on SecureConnect by 10:00 a.m. CT for best rate >\$5 million must be transacted by 1:00 p.m. CT. After 1:00 p.m. CT, please contact the Member Sales Group <\$5 Million must be transacted by 4:00 p.m. CT \$50 million cap. |
| Discount Note Advance (DNA) | 7 day 14 day 21 day 28 day | Fixed for term of advance based on the Bank's discount note market | Actual/360 | <ul style="list-style-type: none"> Member executes advance on SecureConnect by 10:00 a.m. CT for best rate No cap Does not count against \$50 million SCS cap >\$5 million must be transacted by 1:00 p.m. CT <\$5 million must be transacted by 4:00 p.m. CT |

Wire Deadlines

- Outgoing: 4:00 p.m. CT
- Incoming: 4:00 p.m. CT. Incoming wires received after 4:00 p.m. CT are assessed a late fee
- Please refer to the Correspondent Services Guide for information on late wire fees

Fixed-Rate Advances

| Type | Term | Interest Rate | Interest/Day Count | Availability |
|----------------------------------------------------------------|------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fixed-Rate/ Fixed-Term Principal at Maturity (Bullet) | 31 days to 20 years | Fixed for term of advance and based on the Bank's cost of funds | One year or less: Actual/360 Greater than one year: 30/360 | <ul style="list-style-type: none"> Request via SecureConnect for lowest rate. Also available by telephone >\$5 million must be transacted by 1:00 p.m. CT <\$5 million must be transacted by 4:00 p.m. CT |

| | | | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal and Interest (P&I), Amortizing | Up to 20 years Can be structured to match amortization schedules up to 30 years Customized (CPR) available | Fixed for term of advance and based on the Bank's cost of funds. | 30/360 | <ul style="list-style-type: none"> Request via SecureConnect for lowest rate. Also available by telephone >\$5 million must be transacted by 1:00 p.m. CT <\$5 million must be transacted by 4:00 p.m. CT |
| Prepayable Principal and Interest (P&I) Amortizing | Up to 20 years Can be structured to match amortization schedules up to 30 years Customized CPR available | Fixed for term of advance and based on the Bank's cost of funds For a prepayment option, +25 bps (approx.) will be added to the advance rate | 30/360 | <ul style="list-style-type: none"> Request via Secure Connect for lowest rate. Also available by telephone >\$5 million must be transacted by 1:00 p.m. CT <\$5 million must be transacted by 4:00 p.m. CT |
| Short-Term FHLB Owns the Option (FOTO) Advance (Putable Advances) | See details on page 12 | See details on page 12 | See details on page 12 | <ul style="list-style-type: none"> See details on page 12 |
| FHLB Owns the Option (FOTO) Advance (Putable Advances) | See details on page 13 | See details on page 13 | See details on page 13 | <ul style="list-style-type: none"> See details on page 13 |
| Long Option Advances (Callable Advances) | See details on page 14 | See details on page 14 | See details on page 14 | <ul style="list-style-type: none"> See details on page 14 |
| Expander Advance | 1 to 10 years | Fixed for the term of the Advance and based on the Bank's cost of funds | Actual/360 | <ul style="list-style-type: none"> Request via telephone Additional details on page 17 |

Note: Additional terms and conditions are available for qualifying CIP and EDP projects. Please refer to those sections of this guide for information.

Wire Deadlines

- Outgoing: 4:00 p.m. CT
- Incoming: 4:00 p.m. CT. Incoming wires received after 4:00 p.m. CT are assessed a late fee
- Please refer to the Correspondent Services Guide for information on late wire fees

Floating-Rate Advances

| Type | Term | Interest Rate | Interest/ Day Count | Availability |
|------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SOFR Non-Amortizing Floating Rate ¹ | 3-month 6-month 9-month 12-month 15-month 18-month | <p>Determined by adding appropriate spread to the reference rate</p> <p>Rate determination: Rate resets daily based on reference rate for the current day, except during a rate freeze period</p> <p>During a rate freeze period, the reference rate will be the SOFR rate published by the Federal Reserve Bank of New York on the rate freeze date</p> <p>Rate freeze date is 2 business days before an interest payment date or maturity date</p> <p>See additional details on page 19</p> <p>See MPCP for Prepayment Fee Policy</p> | Actual/360 | <ul style="list-style-type: none"> • Request via telephone • >\$5 million must be transacted by 1:00 p.m. CT • <\$5 million must be transacted by 4:00 p.m. CT |

Note: Additional terms and conditions are available for qualifying CIP and EDP projects. Please refer to those sections of this guide for information.

Wire Deadlines

- Outgoing: 4:00 p.m. CT
- Incoming: 4:00 p.m. CT. Incoming wires received after 4:00 p.m. CT are assessed a late fee
- Please refer to the Correspondent Services Guide for information on late wire fees

¹ Additional terms may be available upon request.

Maximum Advantage with Convenience (MAC) Term & Step-up Advances

| Type | Term | Interest Rate | Interest/D ay Count | Availability |
|-------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MAC Term | <p>8-week, 13-week, 26-week</p> <p>1 to 10 years</p> | <p>Determined by adding appropriate spread to actual index yield.</p> <p>Weighted average rate of discount notes issued during the 8-week, 13-week and 26-week Discount Note Auction held by the Federal Home Loan Bank Office of Finance on Tuesdays and Thursdays</p> <p>Rate determination: Each reset date will be the Wednesday or Friday following the Discount Note Auction based on the selected reset frequency. New York Banking Days are used</p> <p>See MPCP for Prepayment Fee Policy</p> <p>Advance without prepayment option is also available</p> | Actual/360 | <ul style="list-style-type: none"> Request via telephone before 9:30 a.m. on each Tuesday or Thursday Funds will be disbursed the following business day |
| MAC Step-up | <p>8-week, 13-week, 26-week</p> <p>1 to 10 years</p> | <p>Determined by adding appropriate spread to actual index yield.</p> <p>Weighted average rate of discount notes issued during the 8-week, 13-week and 26-week Discount Note Auction held by the Federal Home Loan Bank Office of Finance on Tuesdays and Thursdays</p> <p>Rate determination: Each reset date will be the Wednesday or Friday following the Discount Note Auction based on the selected reset frequency. New York Banking Days are used</p> <p>One-time step-up option available</p> <p>See MPCP for Prepayment Fee Policy</p> | Actual/360 | <ul style="list-style-type: none"> Request via telephone before 9:30 a.m. on each Tuesday or Thursday Funds will be disbursed the following business day |

Standard Advances – Telephone Only
 Short-Term Maturities

| Type | Term | Interest Rate | Interest/Day | Availability |
|--------------------------|-----------------------------------------------------------|------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Whole Loan Advance (WLA) | Overnight, fixed | Priced daily based on the prevailing short-term fed funds market | Actual/360 | <ul style="list-style-type: none"> Request via telephone by 9:00 a.m. CT for best rate |
| Whole Loan Advance (WLA) | 2 to 7 day 8 to 14 day 15 to 21 day 22 to 35 day | Fixed for term of advance based on discount note market | Actual/360 | <ul style="list-style-type: none"> \$50 million cap on overnight only >\$5 million must be transacted by 1:00 p.m. CT <\$5 million must be transacted by 4:00 p.m. CT |

Wire Deadlines

- Outgoing: 4:00 p.m. CT
- Incoming: 4:00 p.m. CT. Incoming wires received after 4:00 p.m. CT are assessed a late fee
- Please refer to the Correspondent Services Guide for information on late wire fees

Short-Term Advances

SecureConnect Maximizer (MAX)
Overnight 30 Days

The Maximizer is a competitive short-term source of liquidity that may be secured with any eligible collateral under the Bank's collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from your Demand Deposit Account (DDA).

Uses

- Obtain lower rates on short-term liabilities
- Accommodate seasonal cash flow needs
- Alternative to purchasing fed funds
- Better manage liquidity.

Advantages

- No caps (up to the member's available collateral)
- Quick funding through SecureConnect
- Very competitive rate
- All activity is transacted through your DDA
- Terms up to 30 days

Terms & Conditions
Terms

Fixed: Overnight
 Floater: Up to 30 days

Availability of Funds

Funding requests must be executed by the member via SecureConnect. The SecureConnect Maximizer is available until 9:00 a.m. CT.

The maximum allowable amount of a MAX advance is limited to the member's unused borrowing capacity.

Interest Rate

Fixed: overnight, priced daily based on the prevailing discount note market.

Floater: adjusts daily during term, based on the prevailing discount note market.

To obtain pricing, visit the Bank's web site at fhlb.com, SecureConnect, or contact the Member Services desk at 844.FHL.BANK (844.345.2265).

Interest/Day Count

Actual/360

Principal and Interest Payments

Interest collected daily; principal collect at maturity.

SecureConnect Saver (SCS)

Fixed-Rate, Overnight

The SCS is another competitive short-term source of liquidity that may be secured with any eligible collateral under the Bank's collateral policies, including blanket lien for eligible institutions. Payment of principal and interest is debited from your DDA.

Uses

- Obtain lower rates on short-term liabilities
- Accommodate seasonal cash flow needs
- Alternative to purchasing fed funds
- Liquidity management.

Advantages

- Quick funding through SecureConnect
- Very competitive rate
- All activity is transacted through your DDA.

Terms & Conditions**Terms**

Overnight

Availability of Funds

Funding requests must be executed via SecureConnect:

- Requests made before 9:00 a.m. CT are funded at the initial posted rate.
- Requests made after 9:00 a.m. CT have 5 bps added to the initial posted rate.
- Requests made after 1:00 p.m. CT have 10 bps added to the initial posted rate.

Requests to wire funds from your DDA will be accepted as follows:

- An SCS in excess of \$5 million should be transacted by 1:00 p.m. CT.
- An SCS for less than \$5 million should be transacted by 4:00 p.m. CT.

The maximum allowable amount of an SCS advance is limited to the lesser of \$50 million or the member's unused borrowing capacity, whichever is less. Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Auto Roll Feature

Members can use the auto roll feature to roll their overnight advance for a maximum term of their choice not

exceeding the end of the then current month and subject to a running maximum daily simple weighted average advance rate. The advance will not be rolled if the daily weighted average advance rate from inception exceeds the weighted average advance rate cap set by the member or if it reaches the roll end date specified by the member. Additionally, the member can call before 3:00 p.m. CT on any day the advance is outstanding and cancel the auto roll for the remainder of the term starting the following business day. The auto roll feature is subject to a \$50 million minimum advance amount and no partial rolls are allowed.

Every Advance that is rolled will be bound by existing collateral and capital requirements. If there is a collateral shortage or a capital shortage which is not cured by 10:00 a.m. CT, then the auto roll feature will be cancelled by FHLB for the remainder of the term.

Interest Rate

Fixed: priced daily based on the prevailing discount note market.

To obtain pricing, visit the Bank’s web site at fhlb.com or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal and Interest Payments

Principal and interest collected at maturity.

Discount Note Advance (DNA)

Fixed-Rate, Short-Term

The Discount Note Advance (DNA) is an attractive short-term source of quick liquidity that may be secured with any eligible collateral under the Bank’s collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from your DDA.

Uses

- Obtain lower rates on short-term liabilities
- Accommodate seasonal cash flow needs
- Alternative to purchasing fed funds
- Liquidity management.

Advantages

- Quick funding through SecureConnect
- Very competitive rate
- All activity is transacted through your DDA.

Terms & Conditions

Terms

7-, 14-, 21-, and 28-day terms are available.

Availability of Funds

Funding requests must be executed via SecureConnect:

- Requests made before 9:00 a.m. CT are funded at the initial posted rate.
- Requests made after 9:00 a.m. CT have 5 bps added to the initial posted rate.
- Requests made after 1:00 p.m. CT have 10 bps added to the initial posted rate.

Requests to wire funds from your DDA for a DNA transaction will be accepted as follows:

- A DNA in excess of \$5 million should be transacted by 1:00 p.m. CT.
- A DNA for less than \$5 million should be transacted by 4:00 p.m. CT.

The maximum allowable amount of a DNA advance is limited to the members’ unused borrowing capacity.

Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Interest Rate

The interest rate will be fixed for the term of the advance based on the prevailing discount note market. To obtain pricing, visit the Bank’s web site at fhlb.com or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal and Interest Payments

Principal and interest collected at maturity.

Advances with Optionality

Short-Term FHLB Owns the Option (FOTO) Advances

Non-Amortizing

The Short-Term FOTO Advance is an advance that provides an attractive fixed-rate below a like maturity non-callable fixed rate advance. With the Short-Term FOTO, the member sells the Bank a series of options to put (terminate) the advance prior to maturity on a daily basis before advance maturity, at the Bank’s discretion. If the Bank exercises the put option, replacement funding will be offered to the member at the then-prevailing interest rate and subject to credit guidelines. Payment of principal and interest is debited from your DDA.

Uses

- Low-cost funding alternative in volatile markets.

Advantages

- Attractively priced source of funding
- Same-day funding
- All activity is transacted through your DDA.

Terms & Conditions

Terms

Maturity is the last business day of the current month or term of 30, 60, or 90 days

Minimum Transaction

\$5 million

Maximum Transaction

\$2.5 billion per member

Interest Rate

Fixed for the duration of the advance (until maturity or until “put” option is exercised)

Option

FHLB owns the put option and will provide one business day notice to the member if option is exercised (i.e., the option to terminate the advance at predetermined exercise dates)

Interest/Day Count

Actual/360

Principal and Interest Payments

Interest is due monthly and is debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. Principal and remaining accrued interest is due at maturity. New York Banking Days are used.

Availability of Funds

Short-Term FOTO Advance availability is subject to the Bank's discretion and in no event shall exceed the members' unused borrowing capacity.

Requests for Short-Term FOTO Advances should be transacted by 10:00 a.m. CT.

Agreement for FHLB Advance with Optionality

The agreement must be executed and on file prior to execution of a trade. Contact the Member Services desk at 844.FHLBank (844.345.2265) for additional details.

Pricing

Contact the Member Services desk at 844.FHLBank (844.345.2265) for indicative pricing levels.

FHLB Owns the Option (FOTO) Advances

Non-Amortizing

The FOTO Advance provides an attractive fixed rate that is below a like maturity non-callable fixed-rate advance that may be secured with any eligible collateral under the Bank's collateral policies, including the blanket lien for eligible institutions. With the FOTO Advance, the member sells the Bank the option (or a series of options) to put the advance prior to maturity on predetermined option exercise date(s), at the Bank's discretion. If the put option is exercised, replacement funding may be available. Payment of principal and interest is debited from your DDA.

Uses

- Low-cost funding alternative in volatile markets.

Advantages

- Attractively priced source of funding
- Same-day funding
- All activity is transacted through your DDA.

Terms & Conditions

Terms

Maturities range from 2 to 15 years with various lockouts. After the lockout period, the Bank can put the advance on a quarterly basis until maturity. Call the Member Services desk at 844.FHLBank (844.345.2265) for terms and rate indications.

Minimum Transaction

\$5 million.

Maximum Transactions

The member's portfolio of FOTO Advances, excluding short-term FOTO Advances, cannot exceed 33% of a member's total Advances outstanding immediately following execution.

Interest Rate

Actual/360

Principal and Interest Payments

Interest is due monthly and is debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. Principal and remaining accrued interest is due at maturity. New York Banking Days are used.

Availability of Funds

FOTO Advance availability is subject to the Bank's discretion and in no event shall exceed the members' unused borrowing capacity.

Requests for FOTO Advances should be transacted by 3:30 p.m. CT for best execution.

Agreement for FHLB Advance with Optionality

The agreement must be executed and on file prior to execution of a trade. Contact the Member Services desk at 844.FHLBank (844.345.2265) for additional details.

Pricing

Contact the Member Services desk at 844.FHLBank (844.345.2265) for indicative pricing levels.

Long Option Advances

Non-Amortizing

The Long Option Advance provides the member the right, based upon predetermined option exercise dates, to call the advance prior to maturity. In exchange for receiving the right to call the advance on a predetermined call schedule, the member pays a higher fixed rate for the advance relative to an equivalent maturity, non-callable, fixed-rate advance. Long Option Advances may be secured with any eligible collateral under the Bank's collateral policies, including the blanket lien for eligible institutions. If the call option is exercised, replacement funding may be available. Payment of principal and interest is debited from your DDA.

Uses

- Manage asset/liability and interest rate risk
- Provide funding for the origination or purchase of fixed-rate loans or investment securities
- Interest rate risk management.

Advantages

- Added flexibility in a declining interest rate environment
- Same-day funding
- All activity is transacted through your DDA.

Terms & Conditions

Terms

Maturities range from 2 to 10 years with various lockouts available. After the lockout period, the member can call away the advance from the Bank on a quarterly basis until maturity. Call the Member Services desk at 844.FHLBank (844.345.2265) for terms and rate indications.

Minimum Transaction

The minimum transaction amount is \$5 million.

Interest Rate

Actual/360

Principal and Interest Payments

Interest is due monthly and is debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. Principal and remaining accrued interest is due at maturity. New York Banking Days are used.

Pricing

Contact the Member Services desk at 844.FHLBank (844.345.2265) for indicative pricing levels.

Availability of Funds

Requests for long option advances should be transacted by 3:30 p.m. CT for best execution.

Long-Term Advances

Fixed-Rate, Fixed-Term

Principal at Maturity – “Bullet”

Non-Amortizing

The “Bullet” Advance provides the member with an attractively priced, non-amortizing source of funds. Bullet Advances may be secured with any eligible collateral under the Bank’s collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from your DDA.

Uses

- Manage asset/liability and interest rate risk
- Provide funding for the origination or purchase of fixed-rate loans or investment securities
- Fund construction loans
- Provide temporary funding for mortgage originations that are intended for sale
- Interest rate risk management.

Advantages

- Control marginal cost of deposits
- Provide a dependable source of funds
- All activity is transacted through your DDA.

Terms & Conditions

Terms

Terms of up to 20 years are available.

Availability of Funds

Funding requests will be accepted via SecureConnect or by telephone.

Requests to wire funds from your DDA will be accepted as follows:

- Requests for advances in excess of \$5 million should be transacted by 1:00 p.m. CT.
- Requests for advances of less than \$5 million should be transacted by 4:00 p.m. CT.

Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Commitment Fee

None, unless you wish to guarantee a rate for future funding. (See “Member Products and Credit Policy.”)

Interest Rate

The rate will be fixed for the term of the advance based on the Bank’s cost of funds for comparable maturities. SecureConnect transactions receive an additional discount versus telephone requests. To obtain pricing, please visit the Bank’s web site at fhlb.com or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Short-term (1 year or less): Actual/360

Long-term (greater than 1 year): 30/360

Principal & Interest Payments

Interest is due monthly, with principal and the remaining accrued interest due at maturity.

Interest payments are debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. New York Banking Days are used.

Fixed-Rate

Principal & Interest – “P&I” Amortizing

The Fixed-Rate, Principal and Interest (P&I) Advance is an attractively priced advance structured very much like the typical amortizing mortgage loan. The Fixed-Rate, Principal and Interest Advance may be secured with any eligible collateral under the Bank’s collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from your DDA.

Uses

- Fund mortgage loan portfolios
- Match-fund long-term assets
- Fund residential, commercial, and consumer loans

Advantages

- Unique access to long-term funds
- Ability to compete for business relationships by offering long-term funding alternatives
- Advances can be customized to meet your needs
- All activity is transacted through your DDA.

Terms & Conditions

Terms

Terms of up to 20-year final maturities are available. The advance can be structured to match a variety of fixed-rate mortgage amortization schedules (e.g., 30-year amortization with a 20-year balloon maturity). A Constant Prepayment Rate (CPR) can be added for additional flexibility.

Availability of Funds

Funding requests will be accepted via SecureConnect or by telephone.

Requests to wire funds from your DDA will be accepted as follows:

- Requests for advances in excess of \$5 million should be transacted by 1:00 p.m. CT.
- Requests for advances of less than \$5 million should be transacted by 4:00 p.m. CT.

Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Commitment Fee

None, unless you wish to guarantee a rate for future funding. (See “Member Products and Credit Policy.”)

Interest Rate

The rate will be fixed for the term of the advance. SecureConnect transactions receive an additional discount versus telephone requests. To obtain pricing, please visit the Bank’s web site at fhlb.com or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

30/360

Principal & Interest Payments

Interest payments and scheduled principal payments are debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. New York Banking Days are used.

Fixed-Rate

Prepayable Principal & Interest – “P&I” Amortizing

The Fixed-Rate, Prepayable Principal and Interest Advance (P&I) is structured very much like the typical amortizing mortgage loan, except that you can prepay it at any time after five years with no fee. Twenty-five basis points will be

added to the lowest rate applicable for the prepayable option. The Fixed-Rate, Prepayable Principal and Interest Advance may be secured with any eligible collateral under the Bank's collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from your DDA.

Uses

- Keep quality assets on your books
- Make portfolio loans and pass the prepay option to the customer
- Retain more profitable customers.

Advantages

- Unique access to long-term funds
- Ability to compete for business relationships by offering long-term funding alternatives
- Manage the prepayment risk inherent with long-term mortgage portfolio lending
- Advances can be customized to meet your needs
- All activity is transacted through your DDA

Terms & Conditions**Terms**

Terms of up to 20-year final maturities are available. The advance can be structured to match a variety of fixed-rate mortgage amortization schedules (e.g., 30-year amortization with a 20-year balloon maturity). The advance can be prepaid either partially or in full at any time after 5 years without being charged a fee as more fully described in the Member Products and Credit Policy. Standard prepayment guidelines apply during the first five years of the term. A CPR can be added for additional flexibility.

Availability of Funds

Funding requests will be accepted via SecureConnect or by telephone.

Requests to wire funds from your DDA will be accepted as follows:

- Requests for advances in excess of \$5 million should be transacted by 1:00 p.m. CT.
- Requests for advances of less than \$5 million should be transacted by 4:00 p.m. CT.

Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Commitment Fee

Not Applicable

Interest Rate

The rate will be fixed for the term of the advance. SecureConnect transactions receive an additional discount versus telephone requests. To obtain pricing, please visit the Bank's web site at fhlb.com, or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

30/360

Principal & Interest Payments

Interest payments and scheduled principal payments are debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. New York Banking Days are used.

Expander Advance

The Expander provides members with a one-time option to expand (increase) the principal amount of fixed-rate, fixed-term, non-amortizing advances up to twice the amount of the original advance at the original interest rate for the remaining term of the advance.

Uses

- Locking-in access to future funding at today's rate
- Replacing higher cost funding or deposit run-off
- Funding future loan growth
- Supporting interest rate risk management strategies

Advantages

- Attractively price source of funding
- Same-day funding for transactions initiated prior to 3:00 PM (Central Time).
- All activity is transacted through your DDA

Terms & Conditions

Terms

Maturities range from 1 – 10 years.

Minimum Transaction

The minimum transaction amount is \$5mm.

Interest/Day Count

Actual/360

Principal and Interest Payments

Interest is due monthly on the first business day of each month using the following New York Banking Days. Principal and remaining accrued interest is due at maturity.

Interest Rate

The interest rate is a fixed rate for the term of the advance.

Option Type/Frequency:

European/One time

Expander Option Date:

The date specified in the related application. Three months to five years from inception.

Expander Multiplier:

At the option of the borrower, the size of the advance can be doubled at the existing fixed rate (other multipliers may be priced upon request).

Expander Option Notice Date:

Five New York business days prior to the Expander Option Date, subject to the following New York Banking Days.

Partial Option Exercise:

The borrower may exercise its Expander Option in whole or in part on the Expander Option Notice Date.

Notification to FHLBD:

The borrower must notify the Bank on the Expander Option Notice Date by 2:00 p.m. (Central Time) in writing if it opts to exercise its Expander Option in whole or in part.

Option Value:

If the borrower fails to provide written notice on or before the Expander Option Notice Date, then the Expander Option will expire. The Expander option has no cash value to the borrower.

CIP/EDP: N/A

Other Requirements:

The Expander cannot be combined with the symmetrical prepay feature.

The member must execute the Expander Advance and Request for Quote acknowledging the risks associated with this type of advance.

Floating Rates

SOFR Advance

Description

The SOFR–Linked Advance is a fixed-term, floating rate, non-amortizing advance that is indexed to SOFR, the Secured Overnight Financing Rate that is published each business day by the Federal Reserve Bank of New York and is a measure of the cost of borrowing cash overnight collateralized by Treasury securities. The advance is subject to the Bank’s standard credit and collateral policies.

Uses

- Finance loans or investments with similar maturities and repricing characteristics
- Source of short-term liquidity at rates comparable to other short-term liabilities
- Replacement for LIBOR Floating Rate Advances

Advantages

- Replace costly deposits
- Replace brokered funds
- Locked-in spreads to the SOFR rate

Terms and Conditions

Terms:

3-month, 6-month, 9-month, 12-month, 15-month, and 18-month terms are available

Additional terms may be available upon request.

Size

No Minimum

Availability of Funds

Funding requests will be accepted by telephone each business day.

Interest Rate

Actual interest rate on the advance will be determined by adding a spread to the Reference Rate.

Reference Rate – The Federal Reserve Bank of New York publishes the SOFR rate each business day at approximately 8AM. This published rate is used as the Reference Rate for the current day, except during a Rate Freeze Period. Note: The published rate is based on the previous business day’s transactions and is listed on the New York Fed website on a row dated with the previous day’s date rather than the current date.

During a Rate Freeze Period, the Reference Rate will be the SOFR rate published by the Federal Reserve Bank of New York on the Rate Freeze Date.

Rate Freeze Period: The Rate Freeze Period begins on and includes the Rate Freeze Date and ends on but excludes the corresponding Interest Payment Date or Maturity Date. The Rate Freeze Period may vary based on funding availability and market conditions.

Rate Freeze Date: The day that is (2) Business Days before an Interest Payment Date or Maturity Date.

Interest Day Count

Actual/360

Principal and Interest Payments

Interest payments are due at quarterly intervals based on the settlement date of the advance. Principal and remaining accrued interest are collected at maturity. New York Banking Days are used.

Additional payment terms may be available upon request.

MAC Term Advance

Description

A MAC Term Advance provides members with a floating rate advance that can be indexed to 8-, 13- or 26-week FHLBank discount notes (DNs). Depending on the index chosen, the advance's coupon will reset every 8, 13 or 26 weeks based on the results of the FHLB DN auctions held each Tuesday and Thursday. The advance is subject to the Bank's standard credit and collateral policies.

Uses

- Finance mortgage loan or investment portfolios with similar maturities and repricing characteristics
- Fund adjustable rate mortgages (ARMs) and other interest-rate sensitive assets
- Reduce the repricing risk of funding adjustable rate assets
- Lowest cost, floating rate liability

Advantages

- The advance coupon is determined by one of the FHLBank system's lowest cost liabilities
- Locked-in spreads to the Home Loan Bank Systems DN's issued through the auction

Terms & Conditions

Terms

1- to 10-year terms are available on the 8-week, 13-week or 26-week

Settlement

T+1

Availability of Funds

Funding requests for all sizes will be accepted by telephone each Tuesday and Thursday by 9:30am CT. Funds will be deposited into the members account the following business day. FHLB DN auctions are conducted each Tuesday and Thursday. If a holiday falls on Tuesday or Thursday, FHLB DN auctions are generally held on the preceding business day in which funding requests will be accepted.

Interest Rate

Advance rates will be determined by adding a spread to the appropriate FHLB DN auction's weighted average money market rate (WAMM). The advance rate will reset either every 8, 13 or 26 weeks or the preceding business day if that calendar day falls on a holiday. New York Banking Days are used. In the event that an auction does not occur or discount notes are not issued on any given determination date, the index rate will be the estimated rate at which the Bank could have issued such discount notes as calculated by the Bank in its sole discretion. FHLB DN Auction results are observable by going to http://www.fhlb-of.com/ofweb_userWeb/pageBuilder/debt-securities-21. To obtain pricing please contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal & Interest Payments

Interest payments are debited monthly on the first business day of the month unless otherwise agreed to in writing

at the time of borrowing. Principal and remaining accrued interest are collected at maturity. New York Banking Days are used.

Prepayment

Members can prepay a MAC Term advance on any reset date without incurring a prepayment fee.

Members can request a MAC Term advance without the prepayment option. If a MAC Term advance without the prepayment option is prepaid either on reset dates or between reset dates, the member may incur a prepayment fee. See MPCP for prepayment policy.

MAC Step-up Advance

Description

A MAC Step-up Advance provides members with a floating rate advance with a one-time step-up option that can be indexed to 8-, 13- or 26-week FHLBank discount notes (DNs). Depending on the index chosen, the advance's coupon will reset every 8, 13 or 26 weeks based on the results of the FHLB DN auctions held each Tuesday and Thursday. On the option date, members will have a one-time option to either extend the maturity to a previously agreed upon date or prepay the advance in full with proper notice. The advance is subject to the Bank's standard credit and collateral policies.

Uses

- Finance mortgage loan or investment portfolios with similar maturities and repricing characteristics
- Fund adjustable rate mortgages (ARMs) and other interest-rate sensitive assets
- Reduce the repricing risk of funding adjustable rate assets
- Lowest cost, floating rate liability

Advantages

- The advance coupon is determined by one of the FHLBank system's lowest cost liabilities
- Locked-in spreads to the Home Loan Bank Systems DN's issued through the auction
- Lower spread on the advance before the option date compared to a similar advance without the option

Terms & Conditions

Terms

1- to 10-year terms are available on the 8-week, 13-week or 26-week

Settlement

T+1

Availability of Funds

Funding requests for all sizes will be accepted by telephone each Tuesday and Thursday by 9:30am CT. Funds will be deposited into the members account the following business day. FHLB DN auctions are conducted each Tuesday and Thursday. If a holiday falls on Tuesday or Thursday, FHLB DN auctions are generally held on the preceding business day in which funding requests will be accepted.

Interest Rate

Advance rates will be determined by adding a spread to the appropriate FHLB DN auction's weighted average money market rate (WAMM). The advance rate will reset either every 8, 13 or 26 weeks or the preceding business day if that calendar day falls on a holiday. New York Banking Days are used. In the event that an auction does not occur or discount notes are not issued on any given determination date, the index rate will be the estimated rate at which the Bank could have issued such discount notes as calculated by the Bank in its sole discretion. FHLB DN Auction results are observable by going to http://www.fhlf-of.com/ofweb_userWeb/pageBuilder/debt-securities-21. To obtain pricing please contact the Member Services desk at 844.FHLBank (844.345.2265).

Optionality

At advance origination a one-time step-up option is set for 1, 2, 3, 4, or 5 years depending on total maturity. On the option date, members will have a one-time option either to extend the maturity to a previously agreed upon date, where the total maturity is not to exceed 10 years or prepay the advance in full with proper notice. The expiration of this one-time extension option will typically be in one to three years and must fall on a rate-reset date. The spread for the extended maturity will be significantly higher than the initial spread and is subject to FHLB Dallas Capital Markets Policy.

Interest/Day Count

Actual/360

Principal & Interest Payments

Interest payments are debited monthly on the first business day of the month unless otherwise agreed to in writing at the time of borrowing. Principal and remaining accrued interest are collected at maturity. New York Banking Days are used.

Prepayment

Members can prepay a MAC Step-up advance on any reset date prior to the step-up date or on the step-up date without incurring a prepayment fee. Prepayments after the step-up date may incur a prepayment fee. See MPCP for prepayment policy.

Whole Loan Advance (WLA)

Fixed-Rate, Short-Term

Standard Advances

The Whole Loan Advance (WLA) is an attractive, short-term source of liquidity that does not require the delivery of specific types of collateral to the Bank. The WLA Advance may be secured with any eligible collateral under the Bank's collateral policies, including the blanket lien for eligible institutions. Payment of principal and interest is debited from the member's DDA.

Uses

- Obtain lower rates on short-term liabilities
- Accommodate seasonal cash flow needs
- Alternative to purchasing fed funds
- Liquidity management

Advantages

- Easy telephone funding
- Very competitive rate
- All activity is transacted through your DDA
- Flexible terms

Terms & Conditions

Terms

- Overnight, with rates quoted on a daily basis; \$50 million daily cap
- Maturities from 2 to 35 days, with rates quoted on a daily basis

Availability of Funds

Funding requests are accepted by telephone at 800.442.9841. Requests to wire funds from your DDA for a WLA transaction will be accepted as follows:

- A WLA in excess of \$5 million should be transacted by 1:00 p.m. CT.
- A WLA for less than \$5 million should be transacted by 4:00 p.m. CT.
- Requests made before 9:00 a.m. CT are funded at the initial posted rate
- Funding requests made after 9:00 a.m. CT have 5 bps added to the initial posted rate.

- Funding requests made after 1:00 p.m. CT have 10 bps added to the initial posted rate.

Requests for funds to be deposited overnight at the Bank or rollovers of maturing advances will be accepted until 4:00 p.m. CT.

Interest Rate

The interest rates offered are priced daily based on the prevailing fed funds or discount note market, depending on the term selected. To obtain pricing, please visit the Bank’s web site at fhlb.com, or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal & Interest Payments

Principal and interest are collected at maturity.

Advances Auction Programs

Advances Auction

Fixed-Rate, Short-Term

The Short-Term, Fixed-Rate Advances Auction is an attractive source of quick liquidity that does not require the delivery of specific types of collateral to the Bank. You may secure advances facilitated through the auction platform with any eligible collateral under the Bank’s collateral policies, including the blanket lien for eligible institutions. Short-Term Advances Auctions are offered weekly and are available to all unrestricted members through SecureConnect.

Uses

- Competitively bid to obtain advances
- Potential for funding at rates lower than posted SecureConnect rates
- Alternative to purchasing fed funds
- Effectively manage short-term cash management position

Advantages

- Easily place bid in auction via SecureConnect
- Multiple bids may be submitted
- Attractive pricing, commonly lower than posted SecureConnect rates
- All activity transacted immediately through your DDA
- Variety of terms available

Terms & Conditions

Terms

Overnight to 1-year terms are available

Availability of Funds

Bids must be received by the Bank prior to the respective closing time(s) specified. Accepted bids are funded to the member’s DDA immediately following the completion of the auction.

Interest Rate

Rates are determined by adding the appropriate spread to fed funds, discount notes, and/or the swap market, depending on the term selected. To obtain pricing, please visit the Bank’s web site at fhlb.com, or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal & Interest Payments

Principal & interest are collected at maturity.

Advances Auction

Fixed-Rate, Long-Term

Principal at Maturity – “Bullet”

The Long-Term, Fixed-Rate Advances Auction is an attractive source for long-term funding that is structured similar to a retail Certificate of Deposit held in your institution. You may secure Bullet Advances facilitated through the auction platform with any eligible collateral under the Bank’s collateral policies, including the blanket lien for eligible institutions. Fixed-Rate, Fixed-Term Advances Auctions are offered occasionally and are available to all members through SecureConnect.

Uses

- Competitively bid to obtain advances
- Potential for funding at rates lower than posted SecureConnect rates
- Manage asset/liability and interest rate risk
- Provide funding for the origination or purchase of fixed-rate loans or investment securities
- Temporary funding for mortgage originations that are intended for sale.

Advantages

- Easily place bid in auction via SecureConnect
- Multiple bids may be submitted
- Attractive pricing, commonly lower than posted SecureConnect rates
- All activity transacted immediately through your DDA
- Control margin cost of deposits
- Variety of terms available.

Terms & Conditions

Terms

Terms up to 10 years are available. Specific offerings determined prior to the start of the Advances Auction.

Availability of Funds

Bids must be received by the Bank prior to the respective closing time(s) specified. Accepted bids are funded to the member’s DDA immediately following the completion of the auction.

Interest Rate

The rate will be fixed for the term of the advance based on a spread to the Bank’s own cost of funding for comparable maturities. To obtain pricing, please visit the Bank’s web site at fhlb.com, or contact the Member Services desk at 844.FHLBank (844.345.2265).

Interest/Day Count

Actual/360

Principal & Interest Payments

Interest payments are debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. Principal and interest are collected at maturity. New York Banking Days are used.

Guaranteeing Rates for Future Funding

Members may guarantee a rate for future funding in one of the following ways:

MANDATORY FUTURE FUNDING

The mandatory forward starting advance feature provides a Member with the ability to lock in fixed rate funding in the future. This feature can be applied to FRFT and PRAM advances. This feature obligates a member to take down a fixed rate advance at a specified rate at a specified future date (e.g., 60 days forward). A commitment fee could apply. See the Member Products and Credit Policy.

Advantages

Guarantees a rate for a specific amount and term that the member is obligated to fund on a future date.

Available Structures

FRFTs and PRAMs without embedded options.

Availability of Funds

Funding requests are accepted by telephone. Commitment requests should be transacted by 4:00 p.m. CT.

Commitment Term

Commitment terms are available for up to 3 years. Longer periods available and are subject to market conditions.

Commitment Fee

The commitment fee will vary with the commitment term and the advances product selected. The member may choose to pay the fee up front or add it to the advances rate. Contact the Bank's Member Services desk for the applicable fee.

Interest Rate

Interest rates are established daily based on prevailing market rates. To obtain pricing, contact the Member Services desk at 844.FHL.Bank (844.345.2265).

Symmetrical Prepayment for Advances

Advance Types

The symmetrical prepay feature is available on FRFT & PRAM advances.

Uses

- Manage asset/liability risk
- Manage interest rate risk

Advantages

- Control marginal cost of deposits
- Monetize economic gains on the advance when rates rise, prepay at a discount.

Terms & Conditions

Terms

Terms of 1 year up to 10 years are available.

Minimum Transaction

The recommended minimum transaction amount is \$5 million.

Principal and Interest Payments

For FRFTs: Interest is due monthly and is debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. Principal and remaining accrued interest is due at maturity.

For PRAMs: Interest payments and scheduled principal payments are debited monthly on the first business day of the month for the amount accrued through the last day of the previous month. New York Banking Days are used.

Interest Rate

The rate will be fixed for the term of the advance

Interest/Day Count

Short-term (1 year): Actual/360

Long-term (greater than 1 year): 30/360

Availability of Funds

Requests for funds will be accepted until 3:00 p.m. CT.

Pricing

This symmetrical prepayment feature is priced at a nominal spread that will be added to the rate on the advance. To execute, please contact Member Services at 844.FHL.BANK (844.345.2265).

Prepayment of Advances

PREPAYMENT OF ADVANCES

The prepayment policy and description of the calculation methodology are contained in the Member Products and Credit Policy. This policy is available on the Bank’s web site or through the Member Services desk.

Letters of Credit/Confirmations

The Bank may issue Standby Letters of Credit (LOC) and Confirmations of Letters of Credit on behalf of members to provide liquidity or other funding or to facilitate the following types of business transactions that a member may have with third parties:

- Residential housing finance
- Community lending that is eligible for any of the Bank’s Community Investment Cash Advance (CICA) programs under the Regulations
- Asset/liability management
- To provide liquidity or other funding
- To facilitate the collateralization of public unit deposits
- To support taxable bonds
- To support tax-exempt bonds in cases where Section 149, of the Internal Revenue Code specifically authorizes a debt instrument to be federally guaranteed while maintaining its tax-exempt status.

PRICING AND FEES

Fees for LOCs are set by evaluating competing sources of similar credit enhancements and issuance costs. LOCs that facilitate projects under the Bank’s CICA program are provided special consideration in accordance with the CICA regulations. If funding of a letter of credit does occur, the member must reimburse the Bank on the same day by depositing immediately available funds in its deposit account at the Bank. The Bank may permit the member to finance its reimbursement obligation, in which case the funding becomes an advance that is rolled over daily. The advance may then be converted to an appropriate term and interest rate upon request by the member and agreement by the Bank.

Issuance Fees for LOCs

Issuance fees for LOCs are based on the per annum amount and term outstanding. Issuance fees are nonrefundable if terminated or drafts are presented prior to the expiration of the Letter of Credit. The following table summarizes the annualized cost and processing fees for each product type. Note: An additional \$250 fee for a Letter of Credit will be applied when the application is received after 3:30 p.m. Central Time and the Bank is instructed to process the Letter of Credit the same day.

| Product | Minimum Fee | Up to 15 Years |
|----------------------------------|-------------|----------------|
| Standby LOC | \$125 | 7.5 bps |
| Community Investment Standby LOC | \$125 | 5.5 bps |
| Custodial LOC | \$125 | 7.5 bps |

| Product | Processing Fee | < 1 Year | > 1 Year and < 5 Years | > 5 Years and < 15 Years |
|----------------------------|----------------|----------|------------------------|--------------------------|
| LOC Non-Bond Confirmations | \$500 | 25 bps | 30 bps | 35 bps |

| Product | Processing Fee | < 1 Year | > 1 Year and < 5 Years | > 5 Years and < 15 Years |
|-------------------------------------------------------------------|--------------------------------|----------|------------------------|--------------------------|
| Confirmations of LOC Including Taxable Bonds | \$3500 (\$1500 for renewal) | 25 bps | 30 bps | 35 bps |
| Confirmations of LOC Tax-Exempt Bonds | \$5000 (\$2500 for renewal) | 25 bps | 30 bps | 35 bps |
| Product | Processing Fee | < 1 Year | > 1 Year and < 5 Years | > 5 Years and < 15 Years |
| Community Investment Confirmations of LOC Including Taxable Bonds | \$3500 (\$1500 for renewal) | 20 bps | 25 bps | 30 bps |
| Community Investment Confirmations of LOC for Tax-Exempt Bonds | \$5000 (\$2500 for renewal) | 20 bps | 25 bps | 30 bps |

Negotiation Fees for LOCs

Drafts presented to the Bank by a third party (beneficiary) pursuant to an LOC and funded by the Bank will be considered an advance disbursement. In addition to the issuance fee collected at the time of issuance, a negotiation fee equal to 1 percent of the amount funded pursuant to the LOC will be charged to the member's DDA on the date of disbursement.

Generally, the Bank does not anticipate that a Standby Letter of Credit/Confirmation will be funded. However, if funding does occur, the member must reimburse the Bank on the same day by depositing immediately available funds in its deposit account at the Bank. The Bank may permit the member to finance its reimbursement obligation, in which case the funding becomes an advance that is rolled over daily. The advance may then be converted to an appropriate term and interest rate upon request by the member and agreement by the Bank. In addition, any required capital stock purchase for the advance will be calculated and sufficient collateral will be required at the time of funding.

Term

The Bank encourages members to match the term of each Letter of Credit with the term of the member's underlying obligation to the third party (beneficiary). Letters of Credit will not be issued for terms exceeding 15 years.

Once issued, an LOC will remain in effect until the stated termination date, unless all parties, including the beneficiary, agree in writing to an earlier termination.

Maximum Dollar Amount

The maximum dollar amount of each Letter of Credit and the aggregate outstanding amount of all Letters of Credit issued for a member will be subject to the members' unused borrowing capacity.

Renewal

Upon request, the Bank may issue Letters of Credit that are automatically extended for a specific term. For Letters of Credit that are not automatically renewed, members may request a new Letter of Credit at maturity.

Amendment

Upon request, the Bank may amend a Letter of Credit to extend the term from one day up to 15 years and/or increase the amount of a Letter of Credit prior to maturity. Also, upon request, the Bank may increase or decrease the amount of a Custodial Letter of Credit prior to maturity. The Bank may, but has no obligation to, honor an amendment request.

Availability

The member must execute an "Agreement for Standby Letter of Credit/Confirmation Advances" that sets forth the terms and conditions of the issuance of Letters of Credit by the Bank. A separate LOC application request form must be submitted for each Letter of Credit, identifying the beneficiary, the purpose of the Letter of Credit, and other information required by the Bank.

All Letters of Credit issued by the Bank will be secured by the pledge of, and creation of a security interest in, collateral as outlined in the current Policy. The principal amount of the Letter of Credit will be added to the member's outstanding advances for the purposes of calculating collateral requirements.

Fluctuating Balance Letter of Credit Option

Standby and Custodial Letters of Credit issued for the benefit of a single public unit depositor in an amount of \$5 million or greater may be issued by the Bank using the fluctuating balance option. This option allows the Member to be charged a fee at the rates listed above, but calculated based on the average daily collateral utilization of the aggregate deposits of the Beneficiary that are collateralized by the Letter of Credit during the preceding quarter. Fees are debited from the Member's main deposit account on the fifth business day following the end of the quarter. Members are required to submit a certification to the Bank no later than the third business day following the end of the quarter providing the average daily balance amount. New York Banking Days are used.

Community Development Programs

COMMUNITY INVESTMENT PROGRAM (CIP)

Community Investment Program (CIP) Advances are available on a continuous basis and are available for fixed terms ranging from 3 months to 30 years for non-amortizing advances and from 3 months to 40 years for amortizing advances. Standby Letters of Credit and Confirmations are also available. CIP advances are specifically designed to encourage members to increase their involvement in community revitalization and to undertake community-oriented mortgage lending.

CIP advances may be used to fund single- and multifamily housing that benefits families or individuals with incomes at or below 115 percent of the area median.

To discuss projects that may qualify for CIP pricing, please contact the Member Services desk.

Uses

- Mortgage financing
- Home improvement
- Rental housing
- Handicapped housing modifications
- Construction
- Mortgage-backed securities/revenue bonds
- Purchase or finance low-income housing tax credits.

Advantages

- Lower interest rates than standard Bank advances
- May contribute to compliance with Community Reinvestment Act (CRA) requirements

- Continuous availability
- Minimal interest rate risk
- No cash reserve requirement
- Quick response and ease of use.

Terms & Conditions

Terms

3-month to 40-year terms are available.

Interest Rate

CIP advance rates will be priced below the Bank's standard and SecureConnect advances rates for comparable maturities.

Eligibility

A member's total community development advances, which include CIP, Affordable Housing Program, Economic Development Program and Disaster Relief Program Advances may not exceed, at the time the advance is approved, the lesser of 15 percent of an institution's total assets, or \$200 million.

Commitment Fee

The Bank will guarantee the rate for qualified CIP advances for a term of 3 months without a rate guarantee fee. To qualify for the no-fee guarantee, the member must provide assurances acceptable to the Bank that a specific project or program for which the guarantee is requested will fund within the commitment period.

CIP advances that are eligible for rate guarantees may be used as stated in the Member Products and Credit Policy.

ECONOMIC DEVELOPMENT PROGRAM (EDP)

Economic Development Program (EDP) advances are available on a continuous basis and are available for a fixed term (amortizing or non-amortizing) for maturities of 3 months to 30 years. Standby Letters of Credit and Confirmations are also available. In order to qualify for EDP funds, economic and commercial development projects must meet one of the following qualifications:

- Be located in a rural area (population less than 25,000) in which the average family income is at or below 115 percent of the median income
- Be located in an urban area (population greater than 25,000) in which the average family income is at or below 100 percent of the area median income
- At least 51 percent of the project's employees have incomes at or below the qualifying percent of the area median income
- At least 51 percent of the families who benefit from or are provided services by this project have incomes at or below the targeted income level.
- Project qualifies as a Small Business as defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration under 13 CFR part 121, or any successor provisions.
- Project qualifies as an other targeted beneficiary as approved by the Finance Agency.

To discuss projects that may qualify for EDP pricing, contact the Member Sales Group.

Uses

- Capital improvement
- Construction
- Small business/small agriculture
- Public works/wastewater infrastructure
- Industrial facilities
- Civic centers, social services facilities, and historic preservation

- Nursing homes, hospitals, and community health-care facilities
- Mortgage-backed securities/revenue bonds

Targeted Areas That May Automatically Qualify for EDP Advances

- Empowerment zones
- Enterprise communities
- Champion communities
- Native American areas
- Brownfields
- Military base closing areas
- Community Adjustments and Investment Program (CAIP) areas
- Federal or approved State Disaster Areas

Terms & Conditions

Terms

3-month to 30-year terms are available

Interest Rate

EDP advance rates will be priced below the Bank's standard and SecureConnect advances rates for comparable maturities.

Eligibility

A member's total community development advances, which include CIP, Affordable Housing Program, EDP, and Disaster Relief Program Advances, may not exceed, at the time the advance is approved, the lesser of 15 percent of the institution's total assets or \$200 million.

Commitment Fee

The Bank will guarantee the rate for qualified EDP advances for a term of 3 months without a rate guarantee fee. To qualify for the no-fee guarantee, you must provide assurances acceptable to the Bank that a specific project or program for which the guarantee is requested will fund within the commitment period.

CIP/EDP advances that are eligible for rate guarantees may be used as stated in the Member Products and Credit Policy.

SMALL BUSINESS BOOST

Purpose

Small Business Boost (SBB) aids members so that they may provide financing for qualified small business transactions that would not otherwise meet member loan underwriting criteria. SBB funds are disbursed through members to small businesses as SBB loans. Upon approval, the Bank provides SBB recoverable assistance to the member, which then in turn makes the SBB loan to the small business. As small businesses grow and repay the SBB loans to the member, the member will return these funds to the Bank. The Bank may then make these funds available again to help finance future SBB recoverable assistance. This small business funding program is available only through members enrolled in the SBB program.

SBB funds may be used to help small businesses with building purchases, land acquisition and construction, facility expansion, machinery and equipment purchases, permanent working capital, leasehold improvements and/or closing costs.

Qualifications

The small business must meet certain requirements as outlined in the Bank's SBB Program Manual and application. Each applicant must qualify as a small business based on Small Business Administration (SBA) size standards. In addition, one

job must be created or retained for every \$62,500 in SBB loan proceeds obtained. If this requirement will not be met, then other economic impact must be demonstrated in the application. The Bank reserves the right in its sole discretion to deny SBB loans to small businesses if the loans do not meet the program's objectives.

Funding

The Bank may allocate a certain dollar amount of SBB funds each year which are available to members during specified funding rounds on a first-come, first-served, business-by-business basis until the funds are exhausted. A member must complete a written application to apply for SBB funds. If the Bank determines that the SBB funds have been improperly used, it may require immediate repayment of the SBB funds.

AFFORDABLE HOUSING PROGRAM (AHP)

The Bank's Affordable Housing Program (AHP) was developed to help members meet critical affordable housing needs in the communities they serve. The Bank provides advances or direct grants to members engaged in lending for long-term, very low-, low-, and moderate-income, affordable, owner-occupied and rental housing. Under the program, the Bank will subsidize the interest rate on advances or provide direct subsidies to qualified members engaged in lending for income-qualified housing.

Members may apply for AHP funds on an annual basis only. Please refer to the Bank's Implementation Plan for the application period. AHP subsidies are made in accordance with AHP regulations, statements of policy, and guidelines established by the Federal Housing Finance Agency. Subsidies are awarded based on a competitive selection process and will be restricted by the amount of subsidy available during each offering period.

Uses

- Finance the purchase, construction, and/or rehabilitation of owner-occupied housing for families with incomes at or below 80 percent of the area median income (AMI)
- Finance the purchase, construction, and/or rehabilitation of rental housing in which at least 20 percent of the units are occupied and affordable to households with incomes at or below 50 percent of the AMI

Advantages

- Source of funding to facilitate affordable housing
- Assist in meeting demand for affordable housing
- Flexible uses of funds
- Technical assistance from Bank staff.

Terms & Conditions

Funding

The Bank annually contributes a percentage of its net income to the AHP. The minimum contribution is 10 percent; this may be increased if a larger contribution is required to meet the Bank System's overall AHP target, which is \$100 million.

Competition and Scoring

Funds are awarded through one District-wide competition each year. A 100-point scoring system is used to evaluate applications. Those achieving the highest scores will receive first priority for funding.

Applications are scored based on how well they achieve the following program criteria:

- Projects that develop housing using property donated or conveyed for a nominal price
- Projects that result in the creation of affordable housing and are sponsored by a nonprofit organization, state or political subdivision, state housing finance agency, local housing authority, or Native American tribe
- Projects that result in the purchase, construction, or renovation of owner-occupied housing for very low-, low-, and moderate-income households, or rental housing when at least 20 percent of the units are set aside for very-low-income households
- Projects that provide permanent housing for the homeless; i.e., facilities providing transitional shelter

- with at least a 6-month occupancy requirement in conjunction with counseling
- Projects that empower the urban or rural poor through employment, education, training, counseling, resident involvement or similar programs and services combined with housing that meets critical housing needs and assists residents in moving toward better economic opportunities
- Projects that need smaller amounts of AHP funds per unit of affordable housing will receive higher scores
- Projects that promote community stability and community revitalization
- Two priorities to be established by each District Bank -- the Community Investment Department can provide the current priorities

Reporting

Members and project sponsors that receive AHP funds will be required to file periodic status reports until program obligations are met. In addition, members and sponsors will be required to certify, upon project completion, that program obligations have been met and that AHP funds have reached the intended targets.

Monitoring

Members receiving AHP funds will be required to participate in a special monitoring process to determine full compliance with program objectives and terms of the application. For owner-occupied units, files should verify the income of the purchaser to ensure compliance with the income criteria of the program. For rental properties, rent rolls or other documentation should be maintained to verify the income of the tenants to ensure compliance with the AHP application. Evidence of long-term retention should also be maintained.

Recapture

If the proceeds of an AHP advance or direct subsidy are no longer being used for the purpose approved by the Bank, the amount of committed but unused funds will be recovered by the Bank. If funds are determined to have been improperly used, the Bank may be required to recover the funds from the member.

Funding Strategies Model

The Funding Strategies Model is an easy-to-use, interactive, online tool designed to help members analyze the risks and rewards of using advances to match-fund assets. The Funding Model is available through SecureConnect, and can help Members explore the potential impact a funding decision might have on the institution's balance sheet.

Uses

- Determine how much income can be made from a particular match-funding strategy
- Evaluate how a strategy might perform in different interest rate environments
- Confirm that the asset you're funding is being properly hedged against interest rate and prepayment risks
- Explore the effect of a match funding strategy on your institution's return on assets and return on equity

Members can use the Funding Model to analyze any combination of fixed-rate advances and evaluate the effects of blending in their own funds. The resulting data and charts can be printed directly from the SecureConnect system.

There is no cost to use the model and it is available to any member with access to SecureConnect. For more information, contact Member Services.

Additional Information

The Bank's Member Sales and Member Services teams are the central point of contact for member access to information about our advances and other financial products. These groups are available to assist in addressing your specific funding needs, provide information on alternative advance programs, and provide notice of special product offerings.

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