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# Application for Standby Letter of Credit Advance/Confirmation (Direct Standby LOC)

TO THE FEDERAL HOME LOAN BANK OF DALLAS:

DATE: \_\_\_\_\_, 20 \_\_\_\_\_

Pursuant to, and subject to the terms and conditions of, that certain Agreement for Standby Letter of Credit Advances / Confirmation, entered into between the undersigned Member and the Federal Home Loan Bank of Dallas (the "Bank") on \_\_\_\_\_ (as amended, restated, or otherwise modified from time to time, "Agreement"; all capitalized terms used herein, unless otherwise defined herein, shall have the same meaning as in the Agreement), the undersigned Member hereby applies for an irrevocable Standby Letter of Credit and a Letter of Credit Advance for its account according to the specifications provided below.

Pursuant to the terms and conditions of the Agreement, the Bank's Member Products and Credit Policy and the Bank's Advances Products Guide governing fees for Letters of Credit, the Bank is hereby authorized to charge the undersigned Member's main Deposit Account for any applicable fees.

The undersigned authorized officer of Member certify that, in accordance with a resolution duly adopted by the Board of Directors or other governing body of the undersigned Member, a certified copy of which resolution has heretofore been submitted to the Bank or is hereto attached, they are authorized to apply to the Bank for this Letter of Credit and this Letter of Credit Advance.

### TERMS AND CONDITIONS

If the evergreen feature is selected in this application, then Member acknowledges that such LOC shall be for a specific initial term which will automatically renew unless the Bank notifies the Beneficiary within the Notice of Non-Renewal period specified in this application. Further, fees for the initial term of the LOC will be charged at issuance and at each renewal at the time of such renewal based on the fees and charges in effect at the time of such renewal.

Member authorizes the Bank to charge Member's main Deposit Account for any applicable fees pursuant to the Agreement, the Bank's Member Products and Credit Policy (the "MPCP"), the Bank's Advances Products Guide or any other applicable document.

To ensure that the Bank is in a position to timely deliver the LOC, this application must be completed and approved 24 hours prior to the delivery date requested in this application. The Bank will make every effort to deliver the LOC on or prior to the requested date; however, the Bank cannot guarantee delivery as of a specific time.

Member is solely responsible for the accuracy of information input into this application and Bank disclaims any responsibility for ensuring the accuracy of such information.

## ADDITIONAL TERMS FOR FLUCTUATING BALANCE LOCS ONLY

Notwithstanding anything to the contrary in the foregoing, if the Fluctuating Balance feature is chosen Member agrees to the following additional terms and conditions:

**Fees and Other Charges:** The Member shall pay all fees as specified in the MPCP for Fluctuating Balance Letters of Credit, including the utilization fee described below. As discussed in more detail in the MPCP and Advances Product Guide, the Member will pay a utilization fee to the Bank on a quarterly basis in arrears (the "Utilization Fee"). The Utilization Fee is calculated based on the actual number of days in the calendar quarter over a year of 365 days, on the Average Daily Collateral Utilization (defined below) of the Public Unit Deposit collateralized by the LOC for each calendar quarter. The Bank will debit the quarterly fees from the Member's main Deposit Account on the 5th Banking Day following the end of each calendar quarter. If the final expiration or early termination of the LOC occurs prior to the end of a calendar quarter, the Bank will debit the quarterly fees for the portion of the quarter prior to expiration or termination from the Member's Deposit Account on the 5th Banking Day following the final expiration date or early termination date of the LOC.

**Certification of LOC Utilization:** Within three Banking Days after (a) the end of each calendar quarter and (b) the final expiration date or early termination date of the LOC, the Member shall deliver to the Bank a certification ("Certification") that states the LOC Utilization for the preceding quarter (or portion thereof prior to expiration or termination of the LOC). If the Member has not supplied the Certification (including Supporting Documentation (defined below)) within three (3) Banking Days, the Bank is authorized to deem the LOC Utilization to be the full notional amount of the LOC in its calculation of the Utilization Fee. The Certification shall be in the form of the Certification provided below unless otherwise approved by the Bank in its sole discretion. The Certification shall be executed by an officer or employee on the Member's Advances Signature Card or Safekeeping Signature Card. LOC Utilization means (a) the average daily balance ("Average Daily Balance") of the aggregate of all deposits of the Beneficiary (i.e., the public unit) at the Member that are required to be collateralized multiplied by (b) the percentage of collateral required by law or contract to support such deposits ("Required Collateralization Percentage"). "Supporting Documentation" means any Member records sufficient to demonstrate the accuracy of the Certification, such as customers' monthly account statements or Qualified Public Depository Monthly Reports, Public Depository Monthly Reports, or any similar report provided to the depositor or maintained by your institution. The Certification may be delivered by any means that result in actual delivery on or before the third Banking Day following the end of the quarter or the final expiration date or termination date of the LOC, including facsimile, electronic mail, online upload, or overnight courier.

**Public Unit Deposits:** By choosing the Fluctuating Balance Option in this application, the Member represents and warrants that (a) the LOC will serve as collateral to secure a Public Unit Deposit with the Member, and (b) under all applicable law, the Member is authorized to pledge its assets to secure such Public Unit Deposit.

**Indemnification:** Member agrees to defend, indemnify and hold harmless the Bank and the Bank's directors, officers, employees, correspondents, agents and subagents, assignees and participants from and against any and all claims, losses, liabilities and expenses (including attorneys' fees and expenses), including, but not limited to, those arising from any fraud, misconduct or misrepresentation on the part of the Beneficiary, resulting from or incurred, suffered or paid by any of them in connection with the LOC.

The Member hereby requests that the Bank issue the Letter of Credit as follows:

1. BENEFICIARY. The Letter of Credit shall be made in favor of:

\_\_\_\_\_

*(Full Name of Beneficiary)*

\_\_\_\_\_

*(Attention)*

\_\_\_\_\_

*(Street Address)*

\_\_\_\_\_

*(City, State, Zip Code)*

2. LETTER OF CREDIT EFFECTIVE DATE AND (INITIAL) EXPIRATION DATE. The Letter of Credit shall be issued effective as of \_\_\_\_/\_\_\_\_/\_\_\_\_ (MM/DD/YYYY) and shall expire on \_\_\_\_/\_\_\_\_/\_\_\_\_ (MM/DD/YYYY).

3. LETTER OF CREDIT AMOUNT. The Letter of Credit shall be issued in the amount of \$\_\_\_\_\_.

4. FLUCTUATING BALANCE      Yes      No

5. MULTIPLE OR PARTIAL DRAWS:

The Letter of Credit shall allow (Please check one of the following):

a single draw request. —OR—  multiple draw requests.

To be honored, draw requests must be presented for payment to the Bank on or before the expiration date.

6. DELIVERY. The Letter of Credit is to be delivered to the party selected below prior to \_\_\_\_/\_\_\_\_/\_\_\_\_<sup>1</sup> (select one):

- to Member at the address indicated below;
- to the designated beneficiary at the address provided in Section 1 above, Phone #: \_\_\_\_\_;
- to the designated beneficiary at the following street address: \_\_\_\_\_
- \_\_\_\_\_
- Phone #: \_\_\_\_\_; or
- to (specify other) \_\_\_\_\_.

<sup>1</sup> To ensure that the Bank is in a position to timely deliver the Letter of Credit, the application must be completed and approved 24 hours prior to the requested delivery date. The Bank will make every effort to deliver the Letter of Credit prior to the requested date; however, the Bank cannot guarantee delivery as of a specific time.



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7. DELIVERY OF OTHER DOCUMENTS. The documents listed below (if any) shall be delivered to the party indicated in Section 6 along with the Letter of Credit:

\_\_\_\_\_

8. PURPOSE. Member hereby represents and warrants to the Bank that the underlying obligation for which the Letter of Credit is to be issued and for which it will be used by Member is as follows (select one):

- to facilitate residential housing finance;
- to facilitate the collateralization of public unit deposits which are maintained directly by a public unit or otherwise qualify as public unit deposits;
- to secure an interest rate swap, interest rate exchange, interest exchange, or such other comparable agreement between Member and the beneficiary;
- to facilitate community lending;
- to assist the asset/liability management of Member; or
- to provide Member with liquidity or other funding.

9. EVERGREEN TERMS. If yes, complete the following: Yes No  
 Notice of Non-Renewal in Days(# of days usually 30, 60, or 90 days) \_\_\_\_\_  
 Auto-Extended Term (term is usually 1 year but must be less than 15 years) \_\_\_\_\_

Outside Expiration Date      None      \_\_\_\_\_ (date that the LOC must not extend beyond)

10. SPECIAL LANGUAGE. If yes, describe below.

Is special language required? Yes No

IN WITNESS WHEREOF, Member hereby submits this application as of the date first above written.

This application requires a signature from an Advances authorized signer.

\_\_\_\_\_  
(Member Institution)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Address of Institution)

\_\_\_\_\_  
(Printed Name and Title)

\_\_\_\_\_  
(Address of Institution)

\_\_\_\_\_  
FHFA ID



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PERSON TO CONTACT REGARDING THIS APPLICATION: \_\_\_\_\_

PHONE #: (\_\_\_\_) \_\_\_\_\_ EMAIL: \_\_\_\_\_

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***FHLB Dallas Use Only***

FHFA ID # \_\_\_\_\_

Commitment # \_\_\_\_\_

Pricing: # of Days: \_\_\_\_\_ / 365 (actual/365)

Basis Points per year: \_\_\_\_\_

Total Fees: \$ \_\_\_\_\_

EXHIBIT A

**(See Attached Form of  
Certification of LOC Utilization)**  
*Only applicable if Fluctuating Balance is chosen*



[Member's Letterhead]

CERTIFICATION OF LOC UTILIZATION

Member Name: \_\_\_\_\_ Member FHFA ID: \_\_\_\_\_

Beneficiary/Public Unit: \_\_\_\_\_

FHLB Dallas Letter Of Credit Number: \_\_\_\_\_ (the "Letter of Credit")

Quarter End Date: \_\_\_\_\_ (Enter the end date of the calendar quarter for which you are reporting the LOC Utilization in this blank. If the Letter of Credit expired, was canceled or otherwise terminated prior to the end of the quarter, enter the date of expiration/cancellation/termination.)

CERTIFICATION

All capitalized terms not defined in this Certification shall have the meaning assigned to term in the Application for Standby Letter of Credit Advance / Confirmation (Fluctuating Balance Version) (the "Application"). In reference to the Letter of Credit, the Member hereby certifies to the Federal Home Loan Bank of Dallas (the "Bank") that the following numbers are accurate and complete for the period ending on the Quarter End Date:

A. Average Daily Balance <sup>2</sup>	\$
B. Required Collateralization Percentage <sup>3</sup>	%
C. LOC Utilization (A multiplied by B)	\$

Please note that if you are pledging securities collateral to the Beneficiary in addition to the Letter of Credit the amount of the securities collateral **cannot** be deducted from the LOC Utilization, because nothing requires the Beneficiary to liquidate the securities collateral prior to drawing on the Letter of Credit in a default scenario. Therefore, the Bank's exposure under the Letter of Credit is not reduced by the securities collateral.

In accordance with the terms of the Application, Supporting Documentation (for example, monthly account statement(s) for the 3 months in the quarter, Qualified Public Depository Monthly Reports, Public Depository Monthly Reports, or any similar report provided to the depositor or maintained by your institution) to evidence and support the amounts certified above is attached hereto. PLEASE REMEMBER TO ATTACH DOCUMENTATION SUPPORTING THE AMOUNTS PROVIDED ABOVE. FAILURE TO DO SO WILL RESULT IN A LOC UTILIZATION EQUAL TO THE FULL NOTIONAL AMOUNT OF THE LETTER OF CREDIT.

By signing this Certification, the undersigned employee certifies that, by being on either the Advances Signature Card or Safekeeping Signature Card, he/she is authorized to make this certification on behalf of the Member.

[MEMBER NAME]

By: \_\_\_\_\_<sup>4</sup>Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

<sup>2</sup> This number should be the average daily balance of the funds on deposit with the Member by the Beneficiary of this Letter of Credit for the preceding quarter (or portion thereof prior to expiration or termination of the Letter of Credit).

<sup>3</sup> The percentage of collateral required by law or contract to support such deposits. Often 100%, but can vary so please check your state statutes.

<sup>4</sup> The person signing this Certification must be on either the Advances Signature Card or Safekeeping Signature Card on file with the Bank.