

Reduced Capitalization Plan FAQs

Updated March 20, 2020

Will members have to sign up or request the lower capitalization rate in order to apply it to new advances?

No. All members are automatically enrolled in the plan and all advances that qualify will automatically have the lower capitalization rate up to the program limit of \$5 billion.

Is there a limit to the number or size of advances members can book under this Reduced Capitalization Plan?

No. There is no limit on the number or size of advances other than the program limit of \$5 billion. Advances are booked on a first-come, first-served basis.

Which advances qualify for the Reduced Capitalization Plan?

Advance Type – Term >= 1 Year
Fixed-Rate, Fixed-Term Advance (Term >= 1 Year)
MAC Term Advance
FHLB Dallas Owns the Option (FOTO) Advance (Term >= 1 Year)*
Name Your Own Advance (NYOA)
Auction Advances (Term >= 1 Year)
Callable Advance
Expander Advance**
Forward-Starting Advance (Term >= 1 Year)
SOFR-Linked Advance (Term >= 1 Year)
Principal and Interest Amortizing (PRAM) Advance (Term >= 1 Year)

* The FOTO advance is currently unavailable.

** The option on Expander advances may or may not qualify for the Reduced Capitalization Plan. See additional information below for more details.

Which advances DO NOT qualify for the Reduced Capitalization Plan?

Advance Type – Term < 1 Year
SecureConnect Saver (SCS)
Whole Loan Advance (WLA)
Discount Note Advance (DNA)
Maximizer (MAX)
Fixed-Rate, Fixed-Term Advance (Term < 1 Year)
Maximum Advantage with Convenience (MAC) Advance**
Auction Advances (Term < 1 Year)
SOFR-Linked Advance (Term < 1 Year)
Principal and Interest Amortizing (PRAM) Advance (Term < 1 Year)
FHLB Dallas Owns the Option (FOTO) Advance (Term < 1 Year)*
Forward-Starting Advance (Term < 1 Year)

* The FOTO advance is currently unavailable.

** See additional information below for details on why MAC Advance does not qualify

Do rolling advances, such as the MAC advance, qualify for the Reduced Capitalization Plan?

Rolling advances, such as the MAC advance, with terms less than 1 year do not qualify. Although you may receive a reminder to renew your MAC advance every 8, 13, or 26 weeks and intend to keep this advance rolling for 1 year or longer, the actual advance does not have a maturity of 1 year or greater and therefore, does not qualify.

A MAC Term advance, however, does qualify, as it has a term of 1 year or greater, but resets every 8, 13 or 26 weeks.

Does the Expander advance, both the original amount and the expander option, qualify for the Reduced Capitalization Plan?

The original amount in the Expander advance does qualify for the Reduced Capitalization Plan, provided it has a duration of 1 year or greater, settles between April 1, 2020 and December 31, 2020, and is under the program limit of \$5 billion.

The expander option may or may not qualify depending on if the amount exercised in the option settles between April 1, 2020 and December 31, 2020 and is under the program limit of \$5 billion.

Who should I contact if I still have questions regarding the Reduced Capitalization Plan?

Please contact your Member Sales Relationship Manager or the Member Services Desk at 844.FHL.BANK (844.345.2265).

