



FHLBNY LETTER OF CREDIT (L/C)

Form a Strategic Alliance with an FHLBNY L/C

As a key partner in financing, the Federal Home Loan Bank of New York (FHLBNY) issues triple-A-rated Letters of Credit (L/C) on behalf of its members to support liquidity, asset/liability management, and housing, community, and economic development activities.

An FHLBNY L/C is a promise, made at the request of a member, to make payments to a third-party beneficiary in the event of a default of performance. Several states have amended their laws to permit the use of FHLBNY L/Cs as eligible collateral — a low-cost, more efficient way to collateralize municipal deposits.

L/Cs are Valuable Tools for an FHLBNY Member's:

- » State, City, Court or Municipal Deposits
- » Mortgage Revenue Bonds
- » Community Development Bonds
- » Funds Promissory Notes
- » Credit Enhancement for CRA or Community Support
- » IDA Financing
- » Interest Rate Swaps
- » Lease Agreements
- » Guarantee of Rental Achievement
- » Construction Funding for Elderly Housing Complexes

Benefits and Uses of an FHLBNY L/C

When L/Cs are used to collateralize your deposits, they:

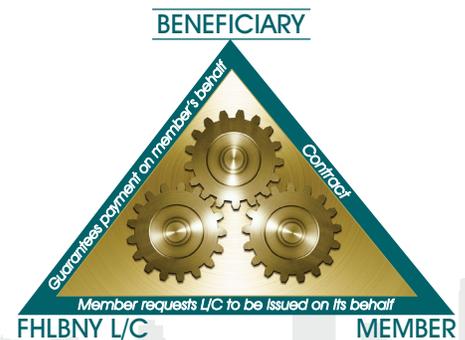
- » Maximize the earnings on securities currently pledged by reinvesting into higher-yielding assets
- » Reduce the operational expense associated with monitoring deposits
- » Eliminate the need to match securities and monitor margin calls
- » Allow for the pledging of securities elsewhere (i.e., for advances) to reduce cost of funds
- » Offer the option to collateralize transaction accounts more efficiently by allowing for a partial fee reimbursement when the L/C is not fully utilized

When L/Cs are used for general purposes, they:

- » Provide credit enhancements for collateral subordinated obligations or other Mortgage-Backed Securities
- » Provide credit support in the sale of whole mortgage loan portfolios
- » Facilitate the beneficiary's drawing of interest payments from a bond issue
- » Support transactions that promote home financing, housing activity, or economic development

Check out the L/C section on our website at www.fhlbny.com/lc.

To discuss how this tri-party agreement can directly benefit your bottom line, contact a Calling Officer at (212) 441-6700.



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