



## CDFI MEMBERSHIP & BORROWING REQUIREMENTS

First introduced in the Housing and Recovery Act of 2008 (HERA) and later added into a Federal Housing Finance Agency (FHFA) final rule, Community Development Financial Institutions (CDFI) who are certified by the CDFI Fund of the Treasury Department and meet all of the regulatory requirements are eligible to become members of the Federal Home Loan Bank (FHLBank) System.

### Membership Requirements for CDFIs

- Duly organized – Incorporated under State or Tribal Law
- Certified as a CDFI by the CDFI Fund
- Originate or purchase long-term, first-lien home mortgage loans (includes pass-through MBS backed by such mortgages)
- Certify to the Character of Management standard
- Home Financing Policy consistent with the FHLBanks' housing finance mission
- Meet financial condition eligibility requirements:
  - Net Asset Ratio  $\geq 20\%$
  - Positive Earnings on rolling 3-year average basis
  - Loan Loss Reserves/90 days+ Delinquent Loans  $\geq 30\%$  in most recent year
  - Operating Liquidity Ratio  $\geq 1.0$  for 4 most recent quarters and for 1 or both of the 2 preceding years
- Purchase membership capital stock – the greater of (1) \$1,000 or (2) 0.125% of mortgage related assets

### Borrowing from the Federal Home Loan Bank of New York (FHLBNY)

CDFIs are permitted to borrow from their FHLBank for any valid business reason. FHLBNY CDFI members are required to regularly provide us with financial information. FHLBNY funding (advances) must always be fully collateralized. The collateral requirement is 100% of the advance amount plus an additional margin.

- CDFIs can pledge both eligible securities and whole loan mortgages. Whole loan mortgages include residential, multifamily and commercial real estate loans (all 1<sup>st</sup> lien).

In addition to pledging collateral, a purchase of FHLBNY stock is required to receive funding. All members are required to purchase Activity-Based Capital Stock equal to 4.50% of the dollar amount of each advance.

CDFIs use FHLBNY advances for liquidity, asset/liability management, and can take advantage of our Community Lending Programs (CLP) to gain access to a reliable source of low-cost funding for projects that create housing, improve business districts, and strengthen neighborhoods.

- **Term:** CDFIs can borrow for terms from overnight to 10 years.
- **Type:** CDFIs may use most of the FHLBNY's advance products including fixed rate, adjustable rate, amortizing, and bullet structures.\*

\*CDFIs may not use structured products, i.e., Callable Advance, Puttable Advance, and advance with cap/floors.

*View the next page to learn more about the benefits of membership and membership process.*

# FHLBNY MEMBERSHIP

## Benefits of FHLBNY Membership

- Reliable low-cost funding to help meet liquidity needs
- Fixed, floating, forward-starting and amortizing advances (loans) with flexible terms to enhance your interest rate risk management
- Ability to participate\* in the Mortgage Asset Program (MAP®) — a new secondary market outlet for our members to fund mortgages and be competitive in offering fixed-rate mortgage loan products
- Letters of Credit to secure various obligations
- Community Lending Programs — funding at the FHLBNY's lowest advance rates to support small business, commercial, manufacturing, social service, and public facility lending activities, as well as the construction of public or private infrastructure, such as roads utilities and sewers
- Access to the Affordable Housing Program (AHP) — one of the most successful affordable housing programs in the nation
- High quality Correspondent Services to help meet your daily operating needs
- Better operating efficiencies through 1Link®, the FHLBNY's secure internet banking system

## Membership Process

Information for prospective new members is available online at [www.fhlbny.com/become-a-member/about-membership](http://www.fhlbny.com/become-a-member/about-membership).

- Worksheets for calculating:
  - Eligibility
  - Estimating initial FHLBNY stock subscription amount
  - Financial ratios and real estate collateral ratios
- Membership application with checklist
- All required FHLBNY member forms & agreements

Note: CDFI members are required to submit quarterly certification of financials in lieu of a regulatory call report, along with the most recent unaudited quarterly financial statements or audited year-end financial statements.

## Application Submission

- Applications may be submitted at any time
- The FHLBNY will act on complete applications only

## Membership Approval

- In accordance with applicable regulations, the FHLBNY shall act on an application within 60 calendar days of the date from which the FHLBNY deems the application file to be complete.
- If the FHLBNY denies a fully and properly completed application for membership, the applicant can file a written appeal of the decision with the Federal Housing Finance Agency (FHFA) within 90 calendar days of the decision.

*\*Additional eligibility tests are required to participate in MAP®.*

## CONTACT US FOR MORE INFORMATION:

Member Services Desk: (212) 441-6600 | Relationship Managers: (212) 441-6700

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UPDATED: March 2023