



CDFI MEMBERSHIP AND 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 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 Character of Management standard
- » Home Financing Policy consistent with FHLB housing finance mission
- » Meet financial condition eligibility requirements:
 - Net Asset Ratio $\geq 20\%$
 - Positive Earnings on rolling 3-year average basis
 - Loan Loss Reserves $\geq 30\%$
 - Operating Liquidity Ratio ≥ 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 REQUIREMENTS

- Financials:** CDFIs are required to regularly provide the FHLB NY with financial information.
- Capital Stock:** CDFIs are required to purchase activity-based capital stock equal to 4.50% of the dollar amount of each advance.
- Collateral:** 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 1lien).

- Purpose:** CDFIs are permitted to borrow for any valid business reason.
- Example:** Liquidity, Asset Liability Management, Mortgage Asset Purchases, Participation in AHP/Community Investment Programs.
- Term:** CDFIs can borrow for terms from overnight to 10 years.
- Type:** CDFIs may use most of the FHLB NY's advance products including fixed rate, adjustable rate, amortizing, and bullet structures.

See Reverse for Benefits and Membership Process...>

FHLBNY MEMBERSHIP

BENEFITS OF 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
- » Triple-A-rated Letters of Credit to secure various obligations
- » Community Investment and Affordable Housing Products
- » High quality Correspondent Services to help meet your daily operating needs
- » Better operating efficiencies through 1Link®, our secure internet banking system

MEMBERSHIP PROCESS

Information for Prospective New Members is Now Online at

www.fhlbny.com/members/become-a-member/index.aspx.

- » 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

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 the FHLBNY deems the application file to be complete.
- » If the FHLBNY denies a fully and properly completed application for membership, that membership applicant has the ability to file a written appeal of the decision with the Federal Housing Finance Agency within 90 calendar days of the decision.

KEY CONTACTS:

Alex Sornoza

Vice President, Sales and Marketing
Tel: (212) 441-6708
E-mail: alexies.sornoza@fhlbny.com

Sonia Soto

Senior Membership Analyst
Tel: (212) 441-6787
E-mail: sonia.soto@fhlbny.com

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