

0% DEVELOPMENT ADVANCE PROGRAM OVERVIEW

Our new 0% Development Advance (ZDA) Program provides members with subsidized funding in the form of interest rate credits to assist in originating loans or purchasing loans/investments that meet one of the eligibility criteria under the Business Development Advance, Climate Development Advance, Infrastructure Development Advance, or Tribal Development Advance. This program is intended to support economic development by incentivizing members to provide below-market-rate loans or invest in qualified initiatives.

Members can request to reserve interest rate credits up to \$250,000 on a first-come, first-served basis through the [ZDA Reservation Form](#). An overall program total of \$10 million in interest rate credits are available to the membership and can be utilized, in any combination, within the four advance types of the ZDA Program.

Business Development Advance (BDA)



The BDA assists members in originating or purchasing fixed-rate loans to support small businesses with their funding needs.

Climate Development Advance (CDA)



The CDA assists members in originating or purchasing climate or energy efficient-oriented loans/investments in support of environmental initiatives (e.g., loans for solar panels, farm and agricultural loans, or the purchase of green bonds or related ESG securities).

Infrastructure Development Advance (IDA)



The IDA assists members in originating or purchasing loans and investment securities to support local infrastructure development (e.g., construction or C&I loans and Bond Anticipation Notes or General Obligation or Revenue municipal bonds).

Tribal Development Advance (TDA)



The TDA assists members in originating loans or purchasing assets that support Native American housing and community support funding.

ZDA Program Benefits

The ZDA Program can afford members with greater flexibility to tailor their lending products to better serve their communities. Members can take advantage of the discounted liquidity through this Program to:

- Support communities by providing competitive interest rates to fund initiatives that help sustain your local economy and foster job opportunities
- Enhance relations with underserved communities and expand your reach
- Develop new and/or strengthen existing customer relationships
- Gain a competitive advantage when bidding and/or buying eligible loans

ZDA Program Attributes and Structure

- Terms¹: 1 to 3 Years
- Advance Type: Fixed-Rate Advances
- Member Cap²: \$250K in Interest Rate Credits

¹ Subject to terms at time of product offering. The maturity date of the zero percent advance(s) shall not exceed the remaining term of the qualified loans/investments. Advances are transacted in the same manner as traditional Advances, in adherence with all credit, collateral, and capital stock requirements.

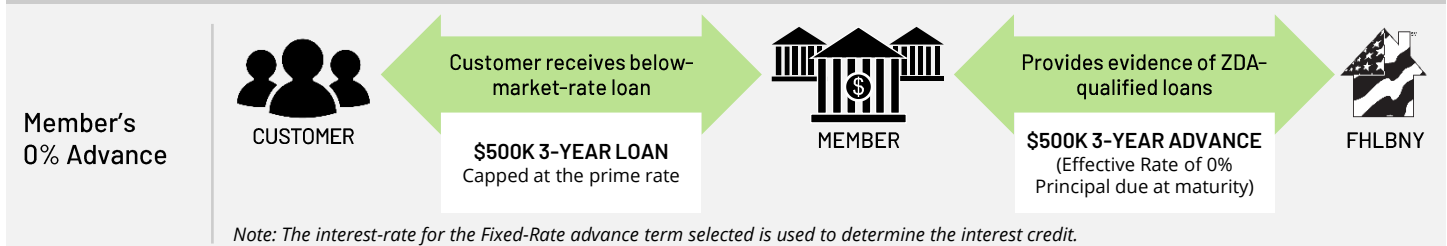
² Assessed annually and is subject to change. Individual member's interest rate credit cap is calculated using the interest rate of the Advance at the time of booking. The interest rate subsidy is credited back to members' accounts monthly, over the life of the Advance.

LOAN QUALIFICATIONS, GUIDELINES & MECHANICS

Loan Qualifications & Guidelines

Advance Eligibility Criteria	BDA <i>Fixed-rate loans to small businesses qualify:</i> <ul style="list-style-type: none"> If defined as a small business by the Small Business Administration (SBA) using the North American Industry Classification System (NAIC) codes; or When using SBA Notes; or Provided to a non-profit organization 	CDA <ul style="list-style-type: none"> EPA-qualified loans under the State Revolving Fund USDA Commodity Credit Corporation requirements PACE loans Tree and coral restoration Investment securities - ESG/Green Bonds C&I loans for solar panels or farm/agricultural loans 	IDA <ul style="list-style-type: none"> Loan origination or bonds purchased for economic development projects that benefit individuals, families, or communities Projects/bonds created by a municipality or other government entities funded by the member for infrastructure development in an urban or rural area 	TDA <ul style="list-style-type: none"> HUD-approved Section 184 Home Loan Guarantee Program VA-approved Native American Direct Loan USDA-approved Section 502 Direct Loan and Native American Land Acquisition Loan Program Assets under Fannie Mae's Native American Homeownership Program and under Freddie Mac's Heritage One Program
Rate Markup	<ul style="list-style-type: none"> Members may not charge more than the Prime rate at the time of the ZDA program launch (8.25%). 			
Qualified Loans	<ul style="list-style-type: none"> Qualified loans and qualified investment securities purchases must be closed or settled in 2023. <p><i>Note: The Advance must be executed by year-end and the Advance amount must be equal to or less than the loan(s) and/or investment securities the member submitted.</i></p>			
Advance Request & Certification	<ul style="list-style-type: none"> Submit loan information using the application form (ZDA-002). Members must certify the loans align with the Program Purpose & have met the Guidelines. Project submissions outside of the program guidelines will be evaluated on a case-by-case basis and require written justification. <p><i>Note: Members must have received a reservation first before requesting funding.</i></p>			

ZDA Mechanics: Members Receive up to \$250K in Interest-Rate Credits



Interest Credits Calculation	3-YEAR ADVANCE RATE EXAMPLE =	4.60% × \$500K =	\$23K × 3 YEARS =
	~ 4.60%	\$23K	\$69K

Interest-Rate Credit Tally / Tracking	Applied to the per member interest-rate credit cap of..... \$250K Total interest generated from the Advance..... - 69K Interest-rate credits remaining in current year..... \$181K
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Rate used is an example and rounded for ease of illustration; as of 6/21/2023.

CONTACT US TO DISCUSS HOW THE ZDA PROGRAM CAN BENEFIT YOUR COMMUNITY:

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

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