

# Mortgage Matched Advance (MMA)

## Features

The Mortgage Matched Advance is a popular way to fund mortgage products and other long-term loans. It is a fixed-rate, amortizing advance that allows the borrower to make predetermined principal payments at scheduled intervals throughout the term of the loan.

## Advantages

- Amortizing advances allow the borrower to match the scheduled amortization characteristics of many fixed-rate assets or to manage long-term and unpredictable cash flow needs
- Ability to prepay the advance without any fee after the initial lockout period

- Allows the borrower to manage interest rate risk on long-term, fixed-rate assets
- Allows the borrower to offer long-term, fixed-rate loans

## Example

A member wanted to make and hold long-term mortgage loans and used the MMA to fund these loans, as the cash flow of the advance nearly matched that of the loans, minimizing the member's exposure to interest rate risk. To increase its interest spread and adjust for faster than expected cash flow, the member blended in 30 percent of core deposits and funded the remaining 70 percent with the MMA. Initially, the member matched funded individual loans but later progressed to funding pools of loans. As the loans in the pools prepaid (after year five), the member had the option of repaying a corresponding portion of the MMA without a prepayment fee or lending the funds to new customers.

For more information about the Mortgage Matched Advance, please call the Money Desk at 800.544.3452, ext. 1013 or email [moneydesk2@fhlbdm.com](mailto:moneydesk2@fhlbdm.com).

*Certain restrictions apply. Please reference the Bank's Member Products Policy.*

