



LETTER OF CREDIT

FEDERAL HOME LOAN BANK OF DES MOINES





STANDBY LETTER OF CREDIT

A Standby Letter of Credit (LOC) is an irrevocable agreement issued in favor of a public unit as an alternative to pledging securities to secure public unit deposits. FHLB Des Moines LOCs help keep funds local and are accepted by over 1,200 beneficiaries in our district.

BENEFITS AND USES

<ul style="list-style-type: none"> Improves on balance sheet liquidity by keeping highly liquid securities unencumbered 	<ul style="list-style-type: none"> Reduces operational expenses associated with monitoring investments
<ul style="list-style-type: none"> Eliminates the need to match securities and monitor margin calls 	<ul style="list-style-type: none"> Guarantees the safe return of non-insured funds to the beneficiary
<ul style="list-style-type: none"> Can be used to collateralize public unit deposits (state, city or municipal) and supports residential housing finance and construction and community lending 	

STANDBY LOC PRODUCT OVERVIEW

	Standby LOC	Standby Fluctuating Balance LOC
Fees	10.5 bps per annum	11.5 bps per annum
Minimum Charge	\$250	\$725 per quarter
One-Time Processing Fee	\$250	\$250
Fee Schedule	Paid upfront at origination	Paid quarterly based on member reporting of average daily balance
Fees Determined	Based upon total amount of letter of credit	Based upon usage, rather than total letter of credit amount
Minimum Balance	No minimum amount	\$5 million
Minimum Terms	No minimum term	4-month term
Activity Stock Requirement	10 basis points	10 basis points
Structure	Available for single and multiple public unit depositors	Available for single public unit depositors

LOC fees are subject to change. Members will be required to purchase and hold activity stock in an amount equal to 0.10% for LOCs

QUESTIONS

Please contact the Money Desk or your Relationship Manager

MONEY DESK

800.544.3452, ext. 2122
moneydesk@fhlbdm.com



CONFIRMING LETTER OF CREDIT

A Confirming Letter of Credit (LOC) is used to provide credit enhancement and support for bonds, in turn lowering costs and encouraging growth in your community.

USES

Leverage FHLB Des Moines “Aa1/AA+” credit rating to provide:

Performance guarantee for:

- Contracts, bids
- Project completion
- Lease payments
- Self-funded workers compensation liability, unemployment and other insurance programs
- Interest rate swap counterparty guarantees

Bond issuance credit and liquidity enhancement to provide:

- Taxable and tax-exempt housing issuances
- Taxable community economic development projects

CONFIRMING LOC PRODUCT OVERVIEW

	Performance Guarantee	Bond Issuance
Fees	10.5 bps per annum	10.5 bps per annum
Minimum Charge	\$250	\$250
One-Time Processing Fee	\$750	\$1,500*
Fee Schedule	Paid upfront at origination	Paid upfront at origination
Fees Determined	Based upon total amount and term of letter of credit	Based upon total amount and term of letter of credit
Minimum Balance	No minimum amount	No minimum amount
Minimum Terms	No minimum term	No minimum term
Activity Stock Requirement	10 basis points	10 basis points

* Excludes outside legal fees paid by member

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QUESTIONS

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APPLICATIONS

LOC applications are processed electronically through the FHLB Des Moines LOC System, found in eAdvantage at <https://ebus.fhlbdm.com>.

A complete application user guide is available in the “Links” menu on the eAdvantage homepage.

For additional application support, contact the Money Desk at moneydesk@fhlbdm.com or **800.544.3452, ext. 2122**.