



FHLBank
Chicago

Community Advance Frequently Asked Questions (FAQs)

I. Overview

What is a Community Advance?

A Community Advance is a flexible, discounted advance made available by FHLBank Chicago (the “Bank”) to its members to finance and support eligible housing, small business and economic development activities. The new Community Advance incorporates and replaces the following standalone advance programs previously offered by the Bank: the Community Housing Advance, Community Development Advance, and Community Small Business Advance.

Eligibility requirements and all other terms and conditions to participate in Community Advances are set forth in the Community Advances and Letters of Credit Requirements and Conditions (“Community Advance Requirements”) posted on eBanking.

When is the new Community Advance available?

The new Community Advance will open for availability on November 17, 2025, at 9:00 AM CST and will be continuously available to members year-round, going forward.

As this new Community Advance will replace the Bank’s previously offered community advance products, the Bank will not accept applications for the Community Housing Advance, Community Development Advance, or Community Small Business Advance after November 14, 2025.

What is an interest rate subsidy?

An interest rate subsidy, or discount, is the amount of interest payments that the Bank voluntarily forgoes to lower the interest rate to the member on a Community Advance. Each member is limited to \$200,000 in interest rate subsidy for any discounts greater than 10.5 basis points. For affiliated members under the same holding company owning two or more members, the per-member interest rate subsidy limit applies collectively to all affiliated members. Annual subsidies or discounts for Community Advances are set and communicated by the Bank from time to time.

How do I calculate interest rate subsidy?

Members can use the Community Advance subsidy calculator at the bottom of the [Community Advance page](#) at www.fhlbc.com to calculate and plan their Community Advance interest rate subsidy. When submitting a Community Advance application via the Community Advance Online platform on eBanking, the interest rate subsidy will be

calculated automatically, and shown on screen, based on the member's inputs for advance amount, maturity term, rate type (floating or fixed) and desired interest rate discount.

What if I run out of interest rate subsidy?

If members use their full Community Advance interest rate subsidy of \$200,000 or are requesting an advance beyond their available interest rate subsidy, they can execute a Community Advance at a discount of ~10.5 basis points. Community Advances subject to such discount (the lowest discount available for Community Advances as of November 2025) do not currently require use of any interest rate subsidy amount.

Beginning in 2026, FHLBank Chicago will allocate interest rate subsidy quarterly to ensure members have multiple opportunities to access funds throughout the year. If interest rate subsidy runs out before the next quarter, members can execute a Community Advance at a discount of ~10.5 basis points, which does not use any interest rate subsidy. Members can see how much total interest rate subsidy is available at any time in Community Advances Online.

Where do I go for more assistance?

Contact your Sales Director or the Member Transaction Desk at 855.345.2244, option 1, or mtd@fhlbc.com.

II. Advance Structure

Is the size of my Community Advance limited?

Members are subject to a limit of \$500 million in Community Advances outstanding at any time. For affiliated members under the same holding company owning two or more members, the per-member Community Advance limit will apply to affiliated members jointly. This limit excludes any outstanding Community Small Business Advances. Members should review the terms of the relevant advance product that will be subject to an interest rate subsidy or discount to determine whether there are any minimum size requirements. Practically, the size of a Community Advance may be limited depending on the interest rate subsidy available to be applied to the advance.

What kind of Community Advance can I execute?

Multiple fixed- and floating-rate advance products are available as Community Advances, with maturity terms ranging from one month to 30 years. Please refer to the Member Products Guide for further information on advance products available as Community Advances.

Do I have to match fund the amount of my Community Advance to the financing of my underlying eligible activity?

A Community Advance may be equal to or less than the amount of the underlying financing for the eligible activity. While you are not required to match fund, the Community Advance may not exceed the amount of the underlying eligible financing. For example, if the amount of eligible financing provided by a member is \$1,000,000, then the requested Community Advance amount may not exceed \$1,000,000.

Do I need to retain loans on my balance sheet?

No. If you choose to sell a qualifying loan in the secondary market, you will still remain eligible for the Community Advance interest rate discount, provided that all eligibility criteria are satisfied.

Can the Community Advance be forward-starting?

Forward-starting Community Advances are not available. A Community Advance must be executed and settled on the same day.

If my underlying eligible financing supporting my Community Advance prepays or is sold, do I have to prepay my Community Advance?

No, the Community Advance is not required to be prepaid if underlying financing, such as a loan or investment, is prepaid, repaid, or sold.

Can an eligible activity be used more than once for a Community Advance?

An eligible activity may only be used once to qualify for a Community Advance and cannot be reused in support of another Community Advance. A single Community Advance may support one or more underlying eligible activities, and it may not be rolled over into a new Community Advance. If a member would like to roll over an outstanding Community Advance, the member must complete a new Community Advance application subject to the Bank's approval.

Please note this is a change from the previously offered Community Housing Advance and the Community Development Advance, which each allowed for reuse of underlying eligible activities.

Do prepayment fees apply to Community Advances?

Community Advances are subject to the applicable prepayment policy and fees provided in the Member Products Guide and the relevant advance product elected by the member to be utilized as a Community Advance. If a member requests a prepayment, the prepayment fees will be calculated based on the applicable discounted interest rate of the Community Advance. Prepayment fees also apply in the event a member is required to prepay a Community Advance because of non-compliance with Community Advance Requirements, in which case, the prepayment fee will be calculated based on the market interest rate that would have applied if no discount had been given.

III. Eligibility

How do I find which underlying financing and activities are eligible to qualify for a Community Advance?

For complete eligibility requirements, members should refer to the Community Advance Requirements provided within the Community Advances Online platform, accessible through eBanking. Other resources -- including a downloadable *FHLBank Chicago Community Advance Qualifying Activities* guide to help determine eligibility -- are available at the bottom of the [Community Advance page](#) on the Bank's external website at www.fhlbc.com.

Members will upload the *Community Advance Upload Template* document with all required information pertaining to the eligible financing and activities. Following the upload of the document, the Community Advances Online platform will display the status (i.e. eligible or ineligible) for each uploaded financing and activity.

How do I get a 200 basis points (bps) discount?

Discounts for Community Advances are set and communicated by the Bank from time to time. As of November 2025, there is a maximum discount of 200 bps available for certain underlying eligible activities or financing types supporting a Community Advance. In general, the maximum applicable discount is determined by the underlying eligible activity or financing type. Please refer to the Resources section provided on the [Community Advances page](https://www.fhlbc.com) at www.fhlbc.com for more information.

As of January 2026, the following discounts may be applied to Community Advances:

Activity	Max Discount	Community Advance Outstanding Limit	Annual Subsidy Limit	Availability
<ul style="list-style-type: none">• Housing construction or rehabilitation loan originations or participations• Loan originations to, loan purchases from, or participation in a loan consortium for non-depository CDFIs or nonprofit mortgage originators	-200 bps	\$500M	\$200K	First Come, First Served
<ul style="list-style-type: none">• Housing purchase or refinance loan originations or participations• Purchase of tax credits• Small business/farm activities• Economic development activities	-50 bps			
<ul style="list-style-type: none">• Mortgage revenue bonds• Mortgage-backed securities	~10.5 bps		N/A	Available Year-Round

I see rehabilitation housing loans can qualify for a 200 bps discount.

What construction work is considered rehabilitation?

Generally, members may consider rehabilitation as work to correct code deficiencies, weatherize, or ensure the habitability of housing.

Can I qualify for a Community Advance with eligible loans or investments already on my balance sheet?

Yes. However, all eligible activity or financing (including loans and investments) supporting a Community Advance must be closed or settled within 90 calendar days prior to the Community Advance execution. Eligible activities and financing not yet settled at the time of Community Advance execution are not eligible at this time.

Can a line of credit qualify?

Yes. Lines of credit are an eligible type of member financing, similar to a loan. Members can qualify up to the maximum dollar amount and maximum maturity of the line of credit.

Can a participation loan qualify?

Yes. Members can qualify participation in a loan consortium for any eligible activity or financing type up to the amount of the participation interest (not the total note amount).

Can I lend outside of Illinois and Wisconsin?

Yes. Members are not limited to underlying eligible activities or financing only in Illinois or Wisconsin.

Are housing associates eligible for Community Advances?

Housing associates may use Community Advances for small business and economic development activities. Housing associates are ineligible for Community Advances to support housing activities.

IV. Process

How do I apply for a Community Advance?

Members must apply for a Community Advance through the Community Advances Online platform available through eBanking. As part of the application, members must upload a completed *Community Advance Upload Template*. Once the application is approved by the Bank, members may initiate the advance execution by calling the Member Transaction Desk.

Can anyone at my institution apply?

While all active eBanking users are able to initiate a Community Advance application, only users with Advance Transact Authority designated within the Administration section of the Member's eBanking account may certify and submit a Community Advance application. Further, only Advance Transact Authority users can call the Member Transaction Desk to execute a Community Advance.

What discount rate will apply to my Community Advance if the application includes multiple eligible activities and financing?

The lowest applicable discount rate will be applied to a Community Advance supporting multiple eligible activities or financing. For example, if a Community Advance supports an activity that qualifies for a 200 bps discount and another activity that qualifies for a 50

bps discount, the 50bps discount will apply to the interest rate of the Community Advance.

What do I do after my Community Advance application is approved?

Members have up to five (5) business days to call the Member Transaction Desk and execute a Community Advance after application approval. Please refer to the specific Expiration Date listed in Community Advances Online or in your approval email from the Bank.

What happens if my Community Advance application expires?

When an application expires, the reserved interest rate subsidy is cancelled. Any unused interest rate subsidy is released and added back to the member's total \$200,000 subsidy limit, after accounting for any deductions to such limit from outstanding Community Advances or other pending applications. A member may re-apply under a new Community Advance application, subject to Bank review and approval.

Can I get an extension on my application?

No, applications are not permitted to extend beyond the stated expiration date. However, expired applications will revert to an 'Initiated' status in Community Advances Online so that members may re-certify and re-submit an application for approval. A Community Advance application approved by the Bank but not yet funded will expire at the earliest of (i) five business days from the approval date or (ii) the date that the eligible financing for the underlying eligible activity is awarded, issued, closed or settled.

My loan is for new construction, so it doesn't have a zip+4 yet. What should I do?

You can use a zip + 4 for an address next door or nearby. Any address used in this scenario must be in the same census tract as the new construction address, as the Bank will use the census tract to confirm the area median income to determine the project's eligibility under Community Advance requirements. You can identify census tracts at <https://geomap.ffcic.gov/ffcicgeomap/>.

What should I do if my address does not show up in the system?

Please reach out to mtd@fhilbc.com if you see a blank address field or notice other issues.

Can I make changes to my Community Advance application after it is approved?

A member can revise an approved application as long as a Community Advance has not yet been executed for such application. However, after making changes, your application must be submitted and re-certified by an individual with Advance Transact Authority.

I uploaded the template, but activities are showing as ineligible or not showing at all.

Most commonly, this is due to an error in your upload template. The most common errors are blanks in required fields, data entered that does not match the allowable entries, or a file not saved as a .xlsx. After troubleshooting these errors, please reach out to your Sales Director or MTD for assistance.

Please note that FHLBank Chicago released a new Upload Template on December 31, 2025. Upload templates from before this date will receive a system error. Download the latest template from fhlbc.com or under the Resources in Community Advances Online.

Will there be ongoing compliance requirements?

At the time of submitting the application, along with the *Community Advance Upload Template*, members will certify that the submitted financing and activities information meets all eligibility requirements for Community Advances. Although you will not be asked to submit documentation at the time of applying, the Bank reserves the right to require additional documentation and other information related to an underlying eligible activity or financing, including where appropriate, a statistical summary or list of incomes of the borrowers, rents for the project, or salaries or jobs created or retained.

Do I have to pledge the eligible activity as collateral?

No, pledging the eligible activity as collateral is not a requirement for obtaining a Community Advance. While you may choose to pledge the eligible activity as collateral—provided it meets all collateral eligibility criteria—this is entirely voluntary and not mandatory.

I need help navigating Community Advances Online, where can I go?

Members should download and refer to the “User Guide” available in the Community Advances Online platform on eBanking. This guide provides step-by-step directions for how to navigate the platform. Members can also access a previously recorded [webinar](#) that has step-by-step directions. Members may contact the Member Transaction Desk at mtd@fhlbc.com for assistance.