



April 28, 1999

Mr. James D. Roy
President
Federal Home Loan Bank of Pittsburgh
601 Grant Street
Pittsburgh, Pennsylvania 15219-4455

RE: Federal Home Loan Bank of Pittsburgh Participation in the
Mortgage Partnership Finance™ Program (1999-APP-03)

Dear Jay:

Federal Housing Finance Board (Finance Board) staff has reviewed the Federal Home Loan Bank of Pittsburgh (FHLBank) application to participate in the Mortgage Partnership Finance™ (MPF) program, submitted on October 22, 1998 pursuant to Resolution Number 98-41 (Resolution) and the Terms and Conditions for Approval, Establishment, and Operation of FHLBank MPF Pilot Programs (Terms and Conditions), both of which were approved by the Board of Directors of the Finance Board on September 23, 1998. The Resolution and the Terms and Conditions require applications for participation in MPF to address certain conditions.

Per the FHLBank application, and as defined in the Terms and Conditions, the FHLBank [REDACTED] will act as both FHLBank-Agent and FHLBank-Investor for the FHLBank. Specifically, the FHLBank [REDACTED] will act as an FHLBank-Agent for the FHLBank in that it will process all MPF loans through its administrative office, the FHLBank will use its criteria to determine the eligibility of its members to become participating financial institutions (PFIs), and the FHLBank will use its pricing methodology. Because the FHLBank-Agent's administrative office, PFI eligibility criteria, and pricing methodology all have been previously examined and approved by Finance Board staff, no further staff review is required prior to approving the application. Additionally, the FHLBank-Agent will act as a FHLBank-Investor in that it will purchase a [REDACTED] percent participation interest in the MPF loans funded or purchased by the FHLBank.

After completing its review of the FHLBank application, Finance Board staff finds that the operation of the FHLBank participation in the MPF program, as proposed in its application, complies with the requirements of the Resolution and the Terms and Conditions. Based on this finding, and based on the findings of the Finance Board's Office of Supervision that the program's policies, procedures and controls are satisfactory, the FHLBank hereby is authorized to offer MPF to its members on the terms set forth in your application. However, this authorization is contingent upon the Finance Board's receipt of the signed Services Agreement and Pro-rata MPF Participation Agreement (Agreements). The signed Agreements must be identical in all material respects to the Services Agreement Draft #8 dated April 20, 1999, and the Pro-rata MPF Participation Agreement Draft #3 dated April 20, 1999, as provided by the

FHLBank to the Finance Board. Additionally, if at any point in the future, the FHLBank intends to change any aspect of its MPF operations from the terms approved hereby, the FHLBank must submit a revised application to Finance Board staff for approval.

If you have any questions, please feel free to contact me at (202) 408-2890.

Sincerely,

/s/ William W. Ginsberg
William W. Ginsberg
Managing Director

cc: Board of Directors of the Finance Board
FHLBank-Agent