



September 27, 1999

Patrick J. Conway  
Acting President  
Federal Home Loan Bank of Des Moines  
907 Walnut Street  
Des Moines, Iowa 50309

RE: Federal Home Loan Bank of Des Moines Participation in the  
Mortgage Partnership Finance™ Program (1999-APP-04)

Dear Pat:

Federal Housing Finance Board (Finance Board) staff has reviewed the Federal Home Loan Bank of Des Moines (FHLBank) application to participate in the Mortgage Partnership Finance™ (MPF) program, submitted on September 13, 1999 and revised by letter dated September 16, 1999, 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.

Additionally, the FHLBank of Chicago will act as an FHLBank-Investor in that it will of Des Moines.

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 an FHLBank-Investor in that it will acquire a 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 Investment and Services Agreement (Cash Program Contribution), or Investment and Services Agreement (Participation Program Contribution), and the Liquidity Option MPF Participation Agreement. The signed Agreements must be identical in all material respects to the Investment and Services Agreement (Cash Program Contribution) draft #2, dated August 27, 1999, or Investment and Services Agreement (Participation Program Contribution) draft #1, dated August 27, 1999, and the Liquidity Option MPF Participation Agreement draft #2, dated August 27, 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