

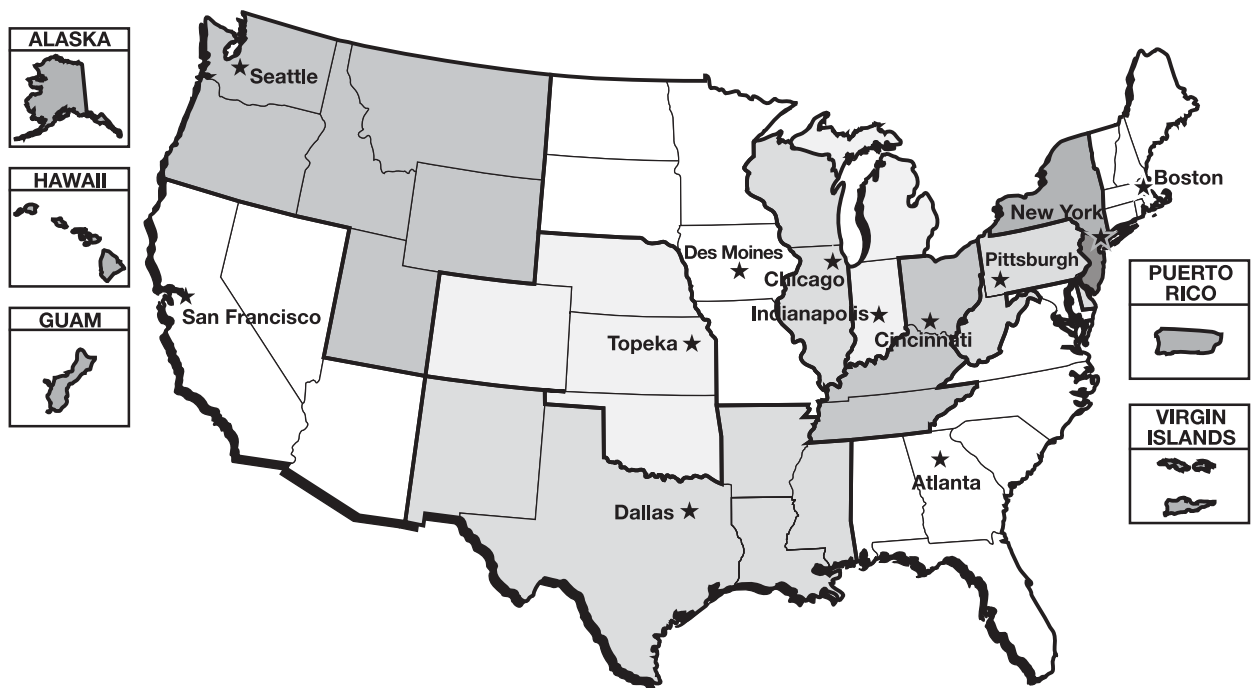


FACT SHEET

The Nationwide System of Federal Home Loan Banks

- The nationwide system of **Federal Home Loan Banks** are privately owned, wholesale banks that provide readily available, low-cost funding and community lending to 8,125 members.
- **The Federal Home Loan Bank of Des Moines** is one of 12 Banks. All of the Home Loan Banks are focused on building neighborhoods and strengthening communities. They are headquartered in:

Atlanta	Boston	Chicago	Cincinnati
Dallas	Des Moines	Indianapolis	New York
Pittsburgh	San Francisco	Seattle	Topeka



- All 12 regional Banks are privately capitalized, have individual boards of directors and do not receive any taxpayer assistance. They raise their funds by issuing debt instruments in capital markets.



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The Federal Home Loan Bank of Des Moines

- The Federal Home Loan Bank of Des Moines region includes:



- The Home Loan Bank of Des Moines is a wholesale bank that provides low-cost short-term and long-term funding and community lending to more than 1,240 stockholder commercial banks, thrifts, credit unions and insurance companies.

Fast Facts About the Federal Home Loan Bank

	Des Moines	Nationwide
Assets:	\$87.1 billion (as of 9/30/2008)	\$1.43 trillion (as of 9/30/2008)
Advances:	\$63.9 billion (as of 9/30/2008)	\$1.01 trillion (as of 9/30/2008)
Mortgage Partnership Finance® Program:	\$8.2 billion (as of 9/30/2008)	\$88 billion (as of 9/30/2008)
Members:	1,245 (as of 9/30/2008)	8,125 institutions (as of 9/30/2008)
	1,072 commercial banks	5,848 commercial banks
	77 savings institutions	1,191 savings institutions
	59 credit unions	922 credit unions
	37 insurance companies	164 insurance companies

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Programs and Services

Affordable Housing Program

The **Affordable Housing Program (AHP)** is a competitive grant program that benefits families who earn at or below 80 percent of the area median income. An AHP grant is used for the purchase, construction or rehabilitation of owner-occupied or rental housing, and is funded from 10 percent of the Bank's annual net income.

Since 1990, the Federal Home Loan Bank of Des Moines has awarded 1,008 projects totaling \$160.6 million, representing 35,608 units of affordable housing.

Affordable Housing Program Summary 1990 – December 2008

State	Total Grants	Total Dev. Costs	Total Units	Total Projects
Iowa	\$32.9 million	\$374.7 million	8,215	257
Minnesota	\$54.4 million	\$886.2 million	11,868	332
Missouri	\$34.6 million	\$316.0 million	8,297	196
North Dakota	\$ 9.6 million	\$ 91.5 million	1,654	51
South Dakota	\$19.8 million	\$178.8 million	3,444	113
Out of district*	\$ 9.3 million	\$186.7 million	2,130	59
District Total	\$160.6 million	\$ 2.03 billion	35,608	1,008

*Projects are located out of the five-state district.



Community Investment Advances

Community Investment Advances (CIA) are cost plus funds that are designed to assist members in meeting local housing and community development needs, including the needs of low and moderate-income families and economically depressed areas in urban centers and rural communities. Through a number of special advance programs, the CIA finances residential, commercial and economic development projects, which benefit low to moderate-income families and neighborhoods.

Community Investment Advance Totals

(Totals include all advances made from 1990 – August 1, 2008)

State	Total Advances	Total Projects
Iowa	\$1,007 million	1,427
Minnesota	\$1,638 million	1,073
Missouri	\$1,73 million	1,007
North Dakota	\$812 million	223
South Dakota	\$267 million	228
District Total	\$5.41 billion	3913

Rural Homeownership Fund, Native American Homeownership Initiative Programs Assist Communities

- The **Rural Homeownership Fund** is designed to assist individuals and families at or below 80 percent of the area median income. The fund is used to provide downpayment, closing cost, or rehabilitation assistance to eligible homebuyers purchasing one-to-four-family, owner-occupied properties in rural areas, including Native American Reservations. The Home Loan Bank of Des Moines annually allocates \$1.5 million of its Affordable Housing Program funds to the Rural Homeownership Fund.
- The **Native American Homeownership Initiative** is designed to assist potential homeowners living in Native American Service Areas. The fund is used to provide downpayment, closing or rehabilitation assistance to eligible homebuyers at or below 80 percent of the greater of the Native American Housing Assistance and Self-Determination Act income guidelines or Mortgage Revenue Bonds income guidelines. The Home Loan Bank of Des Moines annually allocates \$1.0 million of its Affordable Housing Program funds to the Native American Homeownership Initiative.



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BACKGROUND

History of the Federal Home Loan Bank System

The System was created in 1932 in response to the Great Depression, to ensure the availability of flexible funds for residential housing. The System is made up of a nationwide network of 12 district banks, representing member financial institutions and the Office of Finance in Washington, DC.

The district banks, like FHLB Des Moines, expand housing and economic development opportunities across the country by providing loans and other banking services to member community-based financial institutions.

Due to sound management practices, the Federal Home Loan Bank System has **never** taken a credit loss on a loan.

The Home Loan Bank System is a Government-Sponsored-Enterprise (GSE), chartered by Congress to support residential lending and related community investment, through its member financial institutions. The System is the only GSE whose primary business is making low-cost loans to its members. Loans made to members are referred to as advances — which are a readily available funding source for mortgages and other assets.

The System makes advances to its members at interest rates that may be lower than those available in the commercial market, providing more competitive financing for home mortgages and community investment.

Membership Expands, Services Grow as a Result of New Legislation

Home Loan Bank membership has more than doubled since Congress expanded the types of institutions eligible to join the system in 1999. Today, more than 1,240 commercial banks, thrifts, credit unions and insurance companies are members of the Bank of Des Moines.

In 1999, the **Federal Home Loan Bank Modernization Act** was passed as part of the **Gramm-Leach-Bliley Act**. This legislation reaffirmed the Bank system's vital role in opening doors for the availability of affordable housing across the country. The Act — which Iowa Representative Jim Leach helped spearhead — eased Bank membership requirements to provide more opportunities for small banks, expanded the types of authorized collateral, and developed a more modern risk-based capital structure. In 2008, the **Housing and Economic Recovery Act** was passed. This legislation establishes a new, independent, "world class" regulator for the three housing GSE's — Fannie Mae, Freddie Mac and the Home Loan Banks. The legislation reaffirms the FHLB's primary mission of serving as a source of liquidity for member institutions. The Act also increases the size of Community Financial Institutions to \$1 billion and will allow the Bank to issue Standby Letters of Credit, through members, on a wide range of tax-exempt bonds.



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A Safe, Solid Source of Funding

All Home Loan Bank securities are awarded the highest (triple-A) credit rating from Moody's and Standard & Poors (S&P). This reflects the FHLBank's responsible management practices and longstanding track record for success.

To meet the varied funding needs of Bank members and the communities they serve, the Home Loan Banks offer a range of debt products, including many with investor-customized terms, sold through investment firms and dealer banks. These include discount notes, bonds with fixed rates and maturities, callable bonds, variable rate bonds and global debt issues.

The 12 Home Loan Banks are regulated nationwide by the Federal Housing Finance Agency (FHFA). The Federal Housing Finance Agency is a federal agency created by the Housing and Economic Recovery Act of 2008. It is the merger of the Federal Housing Finance Board (FHFB) and the Office of Federal Housing Enterprise Oversight (OFHEO), absorbing the powers and regulatory authority of both entities. The FHFA ensures that the Banks:

- are operated in a financially safe, sound manner;
- remain adequately capitalized and are able to raise funds in the capital markets;
- carry out their housing finance mission, to provide affordable housing and stimulate community investment.

For more information, contact:

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WHAT MAKES THE FEDERAL HOME LOAN BANKS UNIQUE?

The Federal Home Loan Bank System is one-of-a-kind. No other housing Government Sponsored Enterprise or financial institution plays the same economic role, or operates under the same structure as the Federal Home Loan Bank.

We serve a critical need

- Banks boost the lending power of local financial institutions by ensuring mortgage liquidity. However, unlike Fannie Mae and Freddie Mac — the other two housing GSEs — Home Loan Banks are not just involved in housing finance. The System also provides liquidity by providing affordable lending rates for small businesses, community development, rural and agricultural loans. The System is the only U.S. institution which fills this critical range of financial services.

We're owned by our members, serving their needs and their communities

- Home Loan Banks are part of a mutual system, which means each financial institution belongs to and owns stocks in one of the 12 regional Banks. As a membership organization, the Banks provide products and services to members at affordable rates, so they can pass the savings on to homebuyers, providing more options for affordable housing and programs to strengthen neighborhoods and local communities.

We're regulated, to ensure investment safety and security

- The Federal Housing Finance Agency is an independent agency that regulates the Federal Home Loan Banks as well as Fannie Mae and Freddie Mac. FHFA succeeds OFHEO and the FHFBS. The agency enforces prudential management, establishes standards by which portfolio holdings and growth of portfolio will be deemed consistent with mission and safety and soundness and may increase the minimum capital levels for the regulated entities through regulation.
- Through outstanding fiscal management, the Federal Home Loan Banking system has never taken a credit loss on a loan, since it was created in 1932.
- On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency (FHFA) appointed FHFA as conservator of Fannie Mae and Freddie Mac.



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THE MORTGAGE PARTNERSHIP FINANCE® PROGRAM (MPF)

- The premise of the **Mortgage Partnership Finance® Program (MPF)** rests on the simple, yet powerful, idea that by combining the credit expertise of a local lender with the funding and hedging advantages of a Federal Home Loan Bank, a more competitive, economical and efficient method of funding mortgages will result. The MPF Program gives lenders the best of both previous models of mortgage lending — they can retain the credit risk and customer relationship of their loans while shifting the interest rate and prepayment risks to the Home Loan Bank. This innovative approach to risk management represents the next step in the evolution of mortgage financing.
- The MPF Program recognizes that a bank's fundamental business is prudently managing the credit risk of its customer. Unlike lenders which originate mortgage loans only to immediately sell them to a secondary agency, real bankers believe in their customers and want to maintain a credit relationship throughout the life of the loans. With MPF they can. Participating members are able to preserve their customer credit relationships while shifting the interest rate and prepayment risks to the Bank. Importantly, members are paid to manage the credit risk of their own customers. Rather than paying guarantee fees to sell their loans to a secondary market agency, members receive credit enhancement fees from the Bank for their credit expertise. This is a key advantage of the MPF Program and an important reason why MPF has been enthusiastically embraced by Bank members.
- The MPF Program splits the risks of the fixed-rate mortgages between the lender and the Bank.
 - The member bank handles the credit risk and customer relationship.
 - The Bank manages the funding, interest rate, liquidity and prepayment risks.
 - By using MPF, mortgage lenders do not have to pay costly guarantee fees to a secondary market agency.
- Local financial institutions and homebuyers across the country benefit greatly from MPF, which increases competition and efficiency in the secondary mortgage market for conventional and Federal Housing Administration/Veterans Administration mortgages.
- The Federal Home Loan Bank of Des Moines is one of six Federal Home Loan Banks currently participating in or planning to participate in MPF. Others are located in Boston, Chicago, New York, Pittsburgh and Topeka.
- The MPF Program is 100 percent mission focused, providing a safe, secure system for mortgages. Every cent of MPF funding reinforces the Bank's mission of promoting economical housing finance.
- MPF has funded more than \$8.2 billion in home mortgages in the Bank of Des Moines region, as of December 30, 2008.