



February 13, 2009

Member Participating Financial Institutions,

FHLB Des Moines is pleased to announce an expansion of the Mortgage Partnership Finance® (MPF®) Program. A new product, MPF Xtra™, is being added as another alternative for our member Participating Financial Institutions (PFIs) to access the secondary market and make mortgage financing available in your communities. The MPF Provider, FHLB Chicago, has entered into an agreement with Fannie Mae in which Fannie Mae will purchase conventional conforming loans and take on the pricing, market and credit risk of these residential mortgage loans.

The new MPF Xtra product is an off-balance sheet alternative that will provide more small- and mid-size FHLB Des Moines members with an additional avenue to access competitive mortgage pricing. MPF Xtra will utilize the same MPF Program Master Servicer and Custodian, PFIs will work with the same MPF staff at FHLB Des Moines and most MPF loan eligibility and underwriting guidelines will remain unchanged. However, with MPF Xtra, PFIs do not provide collateral as there is no credit enhancement obligation and PFIs are not required to purchase activity stock in FHLB Des Moines. The new product will have abbreviated servicing and custody certification timeframes. *Presently, only PFIs that retain the servicing of their MPF loans are eligible for MPF Xtra.*

As an approved PFI, you are already familiar with the benefits of partnering with FHLB Des Moines for the MPF Program. However, you may have many questions about MPF Xtra and how to start selling loans through this new product which will be answered through a series of introductory and operations-oriented webinar training sessions. There is a product description sheet enclosed outlining the features of MPF Xtra and a webinar schedule with instructions for registration. This package also contains MPF Xtra documents for future execution (servicing retained PFIs only), including a new Master Commitment and Addendum to the PFI Agreement, an Addendum to Master Transaction Agreement and a T&I Custodial Account Agreement.

Please check our website at www.fhlbdm.com for more information and webinar registration details. If you have any questions, please contact:

- Brad Meader, MPF Operations Manager, at 800.544.3452, ext. 1034
- Donna Iddins, MPF Relationship Manager, at 800.544.3452, ext. 1043
- Steve Schuchmann, VP Member Services, at 800-544.3452, ext. 1007

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wilson".

Mike Wilson
EVP/Chief Business Officer



MPF Xtra™ Product Description

The MPF® Program provides an alternative to holding fixed rate loans in portfolio creating additional liquidity opportunities for Participating Financial Institutions (PFIs).

With the MPF Xtra product, FHLB Des Moines PFIs are able to sell fixed rate conforming loans into the secondary market, leveraging their membership in FHLB Des Moines to gain access to liquidity. Des Moines PFIs can use the MPF Xtra product to:

- Offer fixed-rate residential mortgage loans to their borrowers and deliver those loans into the secondary market;
- Retain the servicing rights and servicing fee income, preserving the ability to cultivate relationships with customers; and,
- Transfer the interest rate and prepayment risks as well as the credit risk of the associated loans to an investor.

Because the PFI does not retain credit risk for loans sold under the MPF Xtra product structure, there are no risk based capital or credit risk collateral requirements for the PFI. Additionally, for depository institution members, there is no leverage capital requirement.

MPF Xtra offers Des Moines PFIs an attractive alternative for selling first mortgage loans they originate, allowing them to take advantage of a product designed to transfer loan risks to the investor.

Features

Term	Up to 30 years, fixed rate, fully amortizing
Maximum LTV	95%
FICO Score	580 minimum
Loan Limits	Agency conforming, conventional only
Occupancy	Owner occupied (1-4 units) and second homes
Property Type	All types except co-ops and non-owner occupied
Underwriting	Follow the MPF Origination Guide and MPF Xtra Manual
Commitment Delivery	3, 10, 20, 30 and 45 business days
Pricing	Premium and discount pricing available
Remittance	Actual/Actual, according to the MPF Xtra Manual
Servicing	25 bps, follow the MPF Servicing Guide and MPF Xtra Manual
Master Commitment Size	\$5 million minimum, best efforts

Benefits

Competitive execution

Retain valuable servicing fee income and borrower relationships

Economic value for quality loans

Electronic processing through the eMPF[®] website

Who should take advantage of this product?

The MPF Xtra product is designed for any FHLB Des Moines member institution that is actively engaged in mortgage lending in their community, seeks to minimize risk and has a high regard for the value of the customer relationship. With this product, members gain access to secondary market liquidity, minimizing the interest rate and prepayment risk and transfer the credit risk to the investor. The originating member institution can retain the servicing rights and the associated, valuable customer relationship. *Presently, only PFIs that retain the servicing of their MPF loans are eligible for MPF Xtra.*

Who do I contact for more information about MPF Xtra?

For general information about the availability of the MPF Xtra product, please contact:

- Brad Meader, MPF Operations Manager, at 800.544.3452, ext. 1034
- Donna Iddins, MPF Relationship Manager, at 800.544.3452, ext. 1043
- Steve Schuchmann, VP Member Services, at 800-544.3452, ext. 1007

The MPF Program is not providing accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The PFI is expected to consult with its own accountants and attorneys for advice on this matter.

The "MPF" logo, "MORTGAGE PARTNERSHIP FINANCE," "MPF" and "eMPF" are registered trademarks and "MPF Xtra" is a trademark of the Federal Home Loan Bank of Chicago.