



Federal Housing Finance Board

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September 10, 2007

Marc S. Johnson
Vice President, Collateral Risk Manager
Federal Home Loan Bank of Des Moines
801 Walnut Street, Suite 200
Des Moines, IA 50309-3513

Re: Federal Home Loan Bank of Des Moines: Approval of New Business Activity Notice (2007-APP-02)

Dear Mr. Johnson:

This responds to the notice of new business activity (Notice) filed by the Federal Home Loan Bank of Des Moines (Bank) with regard to the Bank's proposal to accept one-to-four family construction loans as other real estate related collateral. We have reviewed the Notice, as well as subsequent correspondence and other communication with Bank staff. We have determined that the proposed activity has sufficient controls that minimize risks to the Bank, and we hereby consent to the Notice. This approval is contingent on the board of directors of the Bank approving the proposed revisions by Bank management to the Member Products and Services Policy submitted with the Notice and that the Bank limit acceptable construction loan collateral to loans no more than 30 days delinquent.

As part of our regular examination process, we intend to review the policies and procedures used by the Bank to control the risks associated with accepting construction loans as collateral. Accordingly, this letter does not represent a determination as to the adequacy of any policies and procedures the Bank will use to control those risks.

This approval is dependent on the facts, representations, and assurances provided in the Notice and subsequent communications with the Bank. Any material changes regarding those items could result in an action by us to modify or withdraw this consent. This letter expresses the position of Finance Board staff only and may be modified or superseded by the board of directors of the Finance Board.

Mr. Marc Johnson
September 10, 2007
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If you have any questions, please contact Andre D. Galeano, Portfolio Manager, at (202) 408-2625.

Sincerely,

A handwritten signature in black ink, appearing to read 'smc', with a long horizontal line extending to the right.

Stephen M. Cross
Director
Office of Supervision

cc: Neil Crowley
Anthony Cornyn
Andre D. Galeano
Dennis P. Walker
Randy Newman, Chairman of the Board
Richard Swanson, President
Michael Wilson, Chief Business Officer