



Product and Service News

08-14
July 3, 2008

TO: All Members

**SUBJECT: Quarterly MBC Report and Certification Form
New Annual Subprime and Nontraditional Certification Form**

Enclosed please find the quarterly report and certification forms related to your institution's borrowing capacity and qualifying collateral. Please note the addition of a new annual certification form related to "subprime" and "nontraditional" residential assets. Your prompt review and completion of the enclosed quarterly and annual collateral certification forms will allow us to more accurately reflect your qualifying collateral.

Maximum Borrowing Capacity Report

This quarterly report, using data from your March 31, 2008 regulatory Call Report, shows your Maximum Borrowing Capacity (MBC). The MBC calculation represents your collateral-based credit availability with FHLBank and reflects your total capacity to access Bank credit products.

Quarterly and Annual Collateral Certification Forms

The quarterly form, for the quarter ended March 31, 2008, is prepared using balance-sheet data from your regulatory filing similar to that used in the MBC report. It gives FHLBank a clear picture of your available eligible collateral. We continue to require you to identify any portions of collateral comprised of "subprime" or "nontraditional" residential assets, as defined in the Collateral section of FHLBank's current Member Products Policy.

As part of our continuing housing finance mission, FHLBank supports the expansion of fair and equitable homeownership opportunities, including the use of subprime and nontraditional residential mortgage loan products, as appropriate. However, as a part of our risk management program, FHLBank must measure, monitor and manage credit risk posed by the purchase of subprime and nontraditional residential mortgage loans or mortgage-backed securities or arising from collateral used by our members and non-member borrowers to secure advances made by FHLBank. The new annual certification form is a key element in the FHLBank's risk management program.

In order for subprime or nontraditional residential assets to be included in a member's MBC, such assets need to be evaluated for ongoing collateral acceptance on a case-by-case basis based on a review implemented through our normal on-site collateral review process.

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Please identify any portions of collateral comprised of subprime or nontraditional residential assets, make any other necessary adjustments, and return the certification forms, signed by your CEO, by **July 18, 2008**, to the address listed below. Please note that failure to return these forms by the date requested will result in an interruption of your institution's access to FHLBank credit products.

Dennis Bridge, Senior Collateral Analyst
Federal Home Loan Bank of Pittsburgh
601 Grant Street
Pittsburgh, PA 15219-4455

Questions regarding these materials should be directed to me or to Dennis Bridge, Senior Collateral Analyst. We can be reached on the FHLBank Collateral Hotline at 412-288-5499. Thank you for your cooperation and continued use of FHLBank's credit products and services.

Robert S. Kovach
Director, Collateral Services

enclosures

**CERTIFICATION WITH RESPECT TO MORTGAGE LOANS AND
MORTGAGE/ASSET-BACKED SECURITIES COLLATERAL PLEDGED TO THE
FEDERAL HOME LOAN BANK OF PITTSBURGH**

The undersigned hereby certifies to the Federal Home Loan Bank of Pittsburgh (the “Bank”), as of the date written below, that each loan pledged to the Bank as Collateral, whether individually, as part of a loan pool or as underlying collateral in a mortgage/asset-backed security, at the time the loan was made, complied in all material respects with applicable local, state, and Federal laws, including, but not limited to, all applicable predatory lending laws, unless subject to preemption by applicable federal law, and adheres to the principles set forth in the Federal Financial Institutions Examination Council (“FFIEC”) interagency guidance on Subprime Lending and Nontraditional Mortgage Products, including, but not limited to, the 1999 Interagency Guidance on Subprime Lending, the 2001 Expanded Guidance for Subprime Lending Programs, the 2006 Interagency Guidance on Nontraditional Mortgage Product Risks and the 2007 Statement on Subprime Mortgage Lending. The undersigned acknowledges that it is aware of the Bank’s Anti-Predatory Lending Policy and Subprime and Nontraditional Residential Mortgage Loan Guidelines for Collateral, and the undersigned agrees not to pledge any Collateral to the Bank in violation of such policy or guidelines, or any Collateral that is expressly prohibited by the Member Products Policy.

In the event that any loan pledged individually, in a collateral pool or mortgage/asset-backed security (i) is found to not comply in all material respects with applicable local, state, and Federal laws, including, but not limited to, all applicable predatory lending laws or (ii) is unacceptable as Collateral in accordance with the Bank’s Member Products Policy, Anti Predatory Lending Policy or Subprime and Nontraditional Residential Mortgage Loan Guidelines, the undersigned shall immediately remove said loan or mortgage/asset-backed security and replace it with complying Collateral of equivalent value.

The undersigned agrees to indemnify, defend and hold the Bank harmless from and against any and all losses, damages, claims, actions, causes of action, liabilities, obligations, judgments, penalties, fines, forfeitures, costs and expenses, including, without limitation, legal fees and expenses, that result from the pledge of (i) any loan or mortgage/asset-backed security to the Bank not complying in all material respects with applicable local, state, and Federal laws, including, but not limited to, all applicable predatory lending laws unless subject to preemption by applicable federal law or (ii) loans that are unacceptable as Collateral in accordance with the Bank’s Member Products Policy, Anti Predatory Lending Policy and Subprime and Nontraditional Residential Mortgage Loan Guidelines. The undersigned agrees that such defense shall be conducted by counsel acceptable to the Bank and the undersigned’s obligation to indemnify, defend and hold the Bank harmless shall be met regardless of whether the suit, claim or proceeding has merit or not.

IN WITNESS WHEREOF, the undersigned has caused this Certification to be signed in its name by its duly authorized officer(s) as of the date below.

By: _____

Print Name: _____

Title: _____

Dated: _____

Acknowledgement

State of)
)SS:
County of)

On this _____ day of _____, 2008, before me, a notary public, personally appeared _____, who acknowledged himself/herself to be the _____ of _____, and that he/she as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such institution by himself/herself as _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public