

119TH CONGRESS  
1ST SESSION

# S. 1439

To reaffirm and improve the participation of members of the Federal Home Loan Bank System to meet the short- and long-term housing, including affordable housing, agricultural and small business lending, and community economic development financing needs of the communities they serve, including rural, urban, low-income, and Tribal communities, improve the ability of community development financial institutions and credit unions to meet community economic development financing needs for their communities, and aligning executive compensation to mission achievements, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 10, 2025

Ms. CORTEZ MASTO introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To reaffirm and improve the participation of members of the Federal Home Loan Bank System to meet the short- and long-term housing, including affordable housing, agricultural and small business lending, and community economic development financing needs of the communities they serve, including rural, urban, low-income, and Tribal communities, improve the ability of community development financial institutions and credit unions to meet community economic development financing needs for their communities, and aligning executive compensation to mission achievements, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Federal Home Loan  
 5       Banks’ Mission Activities Act”.

6       **SEC. 2. PURPOSE.**

7       The purpose of this Act is to reaffirm and improve  
 8       the participation of members of the Federal Home Loan  
 9       Bank System in financing that meets the short- and long-  
 10      term housing, including affordable housing, agricultural,  
 11      and small business lending and community economic de-  
 12      velopment financing needs of the communities they serve,  
 13      including rural, urban, low-income and Tribal commu-  
 14      nities, by—

15           (1) expanding the ability of the Federal Home  
 16      Loan Banks to support the housing, including af-  
 17      fordable housing, small business, agricultural and  
 18      economic development activities of the members of  
 19      the Federal Home Loan Banks, including credit  
 20      unions, community development financial institu-  
 21      tions, insurance companies, and housing finance  
 22      agencies;

23           (2) clarifying that the Federal Home Loan  
 24      Bank Act (12 U.S.C. 1421 et seq.) permits a broad  
 25      range of activities that enable the Federal Home

1        Loan Banks to support the housing and community  
 2        development activities of their members, including  
 3        providing grants, subsidized financing and advances,  
 4        and credit enhancement; and

5            (3) simplifying executive compensation and  
 6        aligning it with mission achievements.

7    **SEC. 3. ADDING CREDIT UNIONS AND COMMUNITY DEVEL-**  
 8                            **OPMENT FINANCIAL INSTITUTIONS TO THE**  
 9                            **DEFINITION OF COMMUNITY FINANCIAL IN-**  
 10                           **STITUTIONS.**

11        Section 2(10) of the Federal Home Loan Bank Act  
 12    (12 U.S.C. 1422(10)) is amended—

13            (1) in subparagraph (A), by striking clauses (i)  
 14        and (ii) and inserting the following:

15                    “(i)(I) the deposits of which are in-  
 16                    sured under the Federal Deposit Insurance  
 17                    Act (12 U.S.C. 1811 et seq.) or the Fed-  
 18                    eral Credit Union Act (12 U.S.C. 1751 et  
 19                    seq.), or that qualifies under section  
 20                    4(a)(5) to be treated as an insured deposi-  
 21                    tory institution for purposes of deter-  
 22                    mining eligibility for membership; and

23                    “(II) that has, as of the date of the  
 24                    transaction at issue, less than  
 25                    \$1,000,000,000 in average total assets,

1 based on an average of total assets over  
 2 the 3 years preceding that date; or

3 “(ii) that has been certified as a com-  
 4 munity development financial institution  
 5 (as defined in section 103 of the Riegle  
 6 Community Development and Regulatory  
 7 Improvement Act of 1994 (12 U.S.C.  
 8 4702)) by the Secretary of the Treasury.”;  
 9 and

10 (2) in subparagraph (B), by striking “(A)(ii)”  
 11 and inserting “(A)(i)(II)”.

12 **SEC. 4. AFFORDABLE HOUSING PROGRAM.**

13 Section 10 of the Federal Home Loan Bank Act (12  
 14 U.S.C. 1430) is amended—

15 (1) in the section heading, by inserting “**AND**  
 16 **GRANTS**” after “**ADVANCES**”; and

17 (2) in subsection (j)—

18 (A) by striking paragraph (1) and insert-  
 19 ing the following:

20 “(1) IN GENERAL.—Pursuant to regulations  
 21 promulgated by the Director, each Bank shall estab-  
 22 lish an affordable housing program (in this sub-  
 23 section referred to as the ‘Program’) to finance long-  
 24 term, low- or moderate-income, owner-occupied and  
 25 affordable rental housing by subsidizing the interest

1 rate on advances, or providing grants, to members,  
 2 provided that the interest rate on any loan issued by  
 3 a member and funded by a subsidized Bank advance  
 4 shall also be subsidized.”;

5 (B) in paragraph (2), in the matter pre-  
 6 ceding subparagraph (A)—

7 (i) by striking “Board’s” and insert-  
 8 ing “Director’s”; and

9 (ii) by inserting “and provide grants”  
 10 after “advances”;

11 (C) in paragraph (3)—

12 (i) in the paragraph heading, by in-  
 13 serting “OR GRANTS” after “ADVANCES”;

14 (ii) in the matter preceding subpara-  
 15 graph (A)—

16 (I) by inserting “or grants” after  
 17 “advances”; and

18 (II) by striking “as the fol-  
 19 lowing:” and inserting “as—”;

20 (iii) in subparagraph (A)—

21 (I) by inserting “the” before  
 22 “purchase”; and

23 (II) by striking “area,” and in-  
 24 serting “area; and”;

25 (iv) by striking subparagraph (B);

1 (v) by redesignating subparagraph (C)  
 2 as subparagraph (B); and

3 (vi) in subparagraph (B), as so rededesignated,  
 4 by inserting “the” before “purchase”;  
 5

6 (D) in paragraph (4)—

7 (i) by inserting “or grants” after “receiving  
 8 advances”;

9 (ii) by inserting “or grants” after  
 10 “such advances”;

11 (iii) by inserting “or grants” after “of  
 12 advances”; and

13 (iv) by striking “this program” and  
 14 inserting “the Program”;

15 (E) in paragraph (5)—

16 (i) in the matter preceding subparagraph  
 17 (A)—

18 (I) by inserting “or grants” after  
 19 “advances”; and

20 (II) by striking “Affordable  
 21 Housing”;

22 (ii) in subparagraph (C), by striking  
 23 “1995, and subsequent years” and inserting  
 24 “1995 and years subsequent through  
 25 2025”; and

1 (iii) by adding at the end the fol-  
2 lowing:

3 “(D) In 2025, and subsequent years, 30  
4 percent of the preceding year’s net income, or  
5 such prorated sums as may be required to as-  
6 sure that the aggregate contribution of the  
7 Banks shall not be less than \$200,000,000 for  
8 each such year, except that a Bank may, after  
9 consultation with its Advisory Council, allocate  
10 up to 15 percent of that preceding year’s net  
11 income to be used for non-competitive grants,  
12 subsidized loans, or investments that would  
13 generate below market rates of return for af-  
14 fordable housing or community economic needs  
15 of low- or moderate-income households or  
16 neighborhoods, including in low-income, Tribal,  
17 or rural communities, under programs other  
18 than the Program, as follows:

19 “(i) Any community investment cash  
20 advance or grant program established by  
21 the Bank.

22 “(ii) Another affordable housing or  
23 community development program estab-  
24 lished by the Bank that provides the funds  
25 directly or indirectly to organizations meet-

ing the requirements and limitations necessary to qualify as a charitable contribution for which an income tax deduction is allowable under section 170 of the Internal Revenue Code of 1986 or otherwise approved by the Director in regulation, and that benefits persons who are residents of the States of the district in which the Bank is headquartered.”;

(F) in paragraph (6)—

(i) in subparagraph (A), by striking “this paragraph” and inserting “paragraph (5)”;

(ii) in subparagraph (C), by striking “Board’s” and inserting “Director’s”;

(iii) in subparagraph (E), by striking “Affordable Housing”; and

(iv) in subparagraph (F), by inserting “NOTIFICATION.—” before “The Director”;

(G) in paragraph (9)—

(i) by striking “this program” each place it appears and inserting “the Program”; and



1 (ii) by inserting “and grants” after  
 2 “advances” each place it appears;

3 (H) in paragraph (10), by inserting “and  
 4 grant” after “advance”;

5 (I) in paragraph (11), in second sentence,  
 6 by inserting “and grants” after “advances”;

7 (J) by amending paragraph (12) to read as  
 8 follows:

9 “(12) TEMPORARY SUSPENSION OF REQUIRE-  
 10 MENTS FOLLOWING DISASTERS.—Following a dec-  
 11 laration of a disaster declared by the President or a  
 12 Federal agency or under State or Tribal law, the Di-  
 13 rector may—

14 “(A) allow vacant rental project units as-  
 15 sisted under the Program of a Bank to be  
 16 leased temporarily to households displaced by  
 17 that declared disaster regardless of income, not-  
 18 withstanding the income targeting requirements  
 19 of paragraphs (2)(B) and (13) under conditions  
 20 established by the Director; and

21 “(B) temporarily suspend any other re-  
 22 quirements of this subsection and its imple-  
 23 menting regulations to further recovery from  
 24 declared disasters, including recovery for dis-  
 25 placed households, subject to conditions appro-

1           priate to facilitate eligible uses of Program  
2           funds to assist recovery.”; and

3           (K) in paragraph (13), in the matter pre-  
4           ceding subparagraph (A), by striking “sub-  
5           section—” and inserting “subsection:”.

6 **SEC. 5. COMPENSATION OF EXECUTIVE OFFICERS.**

7           Section 7 of the Federal Home Loan Bank Act (12  
8 U.S.C. 1427) is amended—

9           (1) in the first subsection (l) (relating to with-  
10          holding of compensation)—

11           (A) in the subsection heading, by striking  
12          “Withholding of Compensation” and inserting  
13          “Compensation of Executive Officers”;

14           (B) by striking “Notwithstanding” and in-  
15          serting the following:

16          “(1) WITHHOLDING OF COMPENSATION.—Not-  
17          withstanding”; and

18           (C) by adding at the end the following:

19          “(2) SETTING COMPENSATION.—

20           “(A) IN GENERAL.—Notwithstanding sec-  
21          tion 1318(d) of the Federal Housing Enter-  
22          prises Financial Safety and Soundness Act of  
23          1992 (12 U.S.C. 4518(d)), the Director shall,  
24          in accordance with regulations issued by the Di-  
25          rector, establish compensation for any executive

1 officer of a Bank that is reasonable and com-  
2 parable to compensation for employment at a  
3 regional Federal Reserve Bank or other similar  
4 publicly-subsidized financial institutions or fi-  
5 nancial services companies involving similar du-  
6 ties and responsibilities.

7 “(B) MISSION INVESTMENTS.—In deter-  
8 mining the compensation for an executive offi-  
9 cer of a Bank under subparagraph (A), the Di-  
10 rector—

11 “(i) shall consider the level of mission  
12 investments, including—

13 “(I) the percentage of member  
14 institutions that provided community  
15 investment program advances, com-  
16 munity investment cash advances, and  
17 letters of credit;

18 “(II) the percentage of member  
19 institutions that sponsored affordable  
20 housing programs under section 10(j)  
21 and other grant programs created vol-  
22 untarily or by regulation;

23 “(III) the share of all advances  
24 provided to community financial insti-  
25 tutions;

1 “(IV) investments in municipal  
 2 and housing finance agency bonds;  
 3 and

4 “(V) other mission investments  
 5 that are reasonable in accordance with  
 6 regulations promulgated by the Direc-  
 7 tor; and

8 “(ii) may pay compensation at a level  
 9 that is higher than the compensation for a  
 10 regional Federal Reserve Bank with  
 11 achievement of goals aligned with mission  
 12 achievements as established by the Direc-  
 13 tor.”; and

14 (2) by striking the second subsection (l).

15 **SEC. 6. REPORTING ON COLLATERAL.**

16 Section 10 of the Federal Home Loan Bank Act (12  
 17 U.S.C. 1430) is amended by adding at the end the fol-  
 18 lowing:

19 “(l) REPORT TO CONGRESS.—The Director shall an-  
 20 nually report to the Committee on Banking, Housing, and  
 21 Urban Affairs of the Senate and the Committee on Finan-  
 22 cial Services of the House of Representatives on the collat-  
 23 eral pledged to the Banks, including an analysis of collat-  
 24 eral by type and by Bank district.”.

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