

117TH CONGRESS
1ST SESSION

S. 1684

To strengthen the ability of the Federal Home Loan Bank system to provide critical financing to address the economic crisis caused by the COVID–19 pandemic and to meet the short- and long-term housing and community economic development needs of low-income communities, including Tribal communities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2021

Ms. CORTEZ MASTO (for herself, Mr. LEAHY, and Mr. SANDERS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To strengthen the ability of the Federal Home Loan Bank system to provide critical financing to address the economic crisis caused by the COVID–19 pandemic and to meet the short- and long-term housing and community economic development needs of low-income communities, including Tribal communities, 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 Implementation Act”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to promote economic recov-
3 ery in response to the COVID–19 pandemic and to meet
4 the short- and long-term housing and community eco-
5 nomic development needs of low-income communities, in-
6 cluding Tribal communities, by—

7 (1) increasing the ability of the Federal Home
8 Loan Banks to accept, as collateral, small business
9 loans guaranteed by the Small Business Administra-
10 tion;

11 (2) authorizing the Federal Home Loan Banks
12 to accept government guaranteed loans as collateral
13 to support COVID–19 programs;

14 (3) allowing community development financial
15 institutions and credit unions to pledge community
16 financial institution collateral, such as small busi-
17 ness, small agriculture, and community development
18 loans, and enable the Federal Housing Finance
19 Agency to raise the threshold for qualification as a
20 community financial institution;

21 (4) providing letters of credit to provide liquid-
22 ity, and support, stabilize and strengthen local, Trib-
23 al, State and Federal governmental entities public
24 unit deposits, housing and community development
25 efforts, and vital public financing;

1 (5) increasing funding for the Affordable Hous-
 2 ing Program established by each Federal Home
 3 Loan Bank under section 10(j) of the Federal Home
 4 Loan Bank Act (12 U.S.C. 1430(j)) and establishing
 5 a 2 percent set aside for Native American Tribes;
 6 and

7 (6) creating a community economic development
 8 investment program within the Federal Home Loan
 9 Bank system to generate financial opportunity, cre-
 10 ate jobs, and stimulate economic development in dis-
 11 tressed urban, rural, Tribal, and suburban commu-
 12 nities in the United States.

13 **SEC. 3. FHLB ADVANCES SECURED BY SBA LOANS.**

14 Section 7 of the Small Business Act (15 U.S.C. 636)
 15 is amended by adding at the end the following:

16 “(o) FEDERAL HOME LOAN BANK ADVANCES.—

17 “(1) DEFINITION OF BANK.—In this sub-
 18 section, the term ‘Bank’ means a Federal Home
 19 Loan Bank, as defined in section 2 of the Federal
 20 Home Loan Bank Act (12 U.S.C. 1422).

21 “(2) ADVANCES.—A Bank that, in the exercise
 22 of its authority under section 10 of the Federal
 23 Home Loan Bank Act (12 U.S.C. 1430) to make se-
 24 cured advances, accepts as collateral a loan guaran-
 25 teed by the Administration under this Act or any

1 other provision of law, including loans guaranteed
 2 under section 7(a)—

3 “(A) may exercise all of the rights and
 4 remedies contained in any pledge or similar se-
 5 curity agreement between the Bank and the
 6 lending or participating institution that made
 7 or purchased the loan; and

8 “(B) in the event of default on the loan,
 9 shall possess the same rights and remedies as
 10 such a lending or participating institution
 11 would possess in the same circumstance, includ-
 12 ing collecting monies due on the guarantee di-
 13 rectly from the Administration.

14 “(3) TRANSFER OF GUARANTEE.—With respect
 15 to a guaranteed loan that a Bank accepts as collat-
 16 eral under paragraph (2), the guarantee obligation
 17 of the Administration on the loan shall transfer to
 18 the Bank.”.

19 **SEC. 4. MAKING GOVERNMENT GUARANTEED LOANS IN RE-**
 20 **SPONSE TO THE COVID-19 CRISIS ELIGIBLE**
 21 **COLLATERAL FOR THE FEDERAL HOME LOAN**
 22 **BANKS.**

23 Section 10(a)(3) of the Federal Home Loan Bank
 24 Act (12 U.S.C. 1430(a)(3)) is amended by adding at the
 25 end the following:

1 “(F) Loans guaranteed or insured by the
 2 United States Government or any agency there-
 3 of and made by any member under programs or
 4 facilities established by the Secretary of the
 5 Treasury or the Board of Governors of the Fed-
 6 eral Reserve System under the CARES Act
 7 (Public Law 116–136) or other similar pro-
 8 grams or facilities in subsequently enacted Acts
 9 to address the impact to the economy from the
 10 COVID–19 crisis, including other similar pro-
 11 grams or facilities established under section
 12 13(3) of the Federal Reserve Act (12 U.S.C.
 13 343(3)).

14 “(G) Loans guaranteed by the Small Busi-
 15 ness Administration under the Small Business
 16 Act (15 U.S.C. 631 et seq.) or any other provi-
 17 sion of law.”.

18 **SEC. 5. ADDING CREDIT UNIONS TO THE DEFINITION OF**
 19 **COMMUNITY FINANCIAL INSTITUTIONS AND**
 20 **EXPANDING THE PURPOSES OF ADVANCES**
 21 **AND COLLATERAL AVAILABLE TO CERTAIN**
 22 **COMMUNITY DEVELOPMENT FINANCIAL IN-**
 23 **STITUTIONS.**

24 (a) IN GENERAL.—Section 10(a) of the Federal
 25 Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

1 (1) in paragraph (2)(B), by inserting “or quali-
 2 fying community development financial institution”
 3 after “community financial institution”; and

4 (2) in paragraph (3)(E), by inserting “or quali-
 5 fying community development financial institution”
 6 after “community financial institution”.

7 (b) DEFINITIONS.—Section 2 of the Federal Home
 8 Loan Bank Act (12 U.S.C. 1422) is amended—

9 (1) in paragraph (10)—

10 (A) by striking “INSTITUTION.—” and all
 11 that follows through “The term” and inserting
 12 “INSTITUTION.—The term”;

13 (B) by striking subparagraph (B);

14 (C) by redesignating clauses (i) and (ii) as
 15 subparagraphs (A) and (B), respectively, and
 16 adjusting the margins accordingly;

17 (D) in subparagraph (A), as so redesign-
 18 ated, by inserting “(12 U.S.C. 1811 et seq.)
 19 or the Federal Credit Union Act (12 U.S.C.
 20 1751 et seq.)” before the semicolon; and

21 (E) in subparagraph (B), as so redesign-
 22 ated, by striking “\$1,000,000,000” and insert-
 23 ing “assets at a level set by the Agency, but not
 24 more than \$10,000,000,000”; and

25 (2) by adding at the end the following:

1 “(13) QUALIFYING COMMUNITY DEVELOPMENT
2 FINANCIAL INSTITUTION.—The term ‘qualifying
3 community development financial institution’ means
4 an entity that—

5 “(A) has been certified as a community de-
6 velopment financial institution (as such term is
7 defined in section 103 of the Riegle Community
8 Development and Regulatory Improvement Act
9 of 1994 (12 U.S.C. 4702) by the Secretary of
10 the Treasury; and

11 “(B) satisfies the average total assets
12 threshold requirement for a community finan-
13 cial institution set forth in paragraph (10).”.

14 **SEC. 6. STANDBY LETTERS OF CREDIT.**

15 The Federal Home Loan Bank Act (12 U.S.C. 1421
16 et seq.) is amended—

17 (1) in section 2 (12 U.S.C. 1422), as amended
18 by section 5 of this Act, is amended by adding at
19 the end the following:

20 “(14) EMPLOYEE- OR COMMUNITY-OWNED COM-
21 PANY.—The term ‘employee- or community-owned
22 company’ means—

23 “(A) an organization described in section
24 1381 of the Internal Revenue Code of 1986;

1 “(B) an eligible worker-owned cooperative,
 2 as defined in section 1042(c)(2) of the Internal
 3 Revenue Code of 1986; and

4 “(C) an employee stock ownership plan, as
 5 defined in section 4975(e)(7) of the Internal
 6 Revenue Code of 1986, which meets the re-
 7 quirements of section 409 of such Code.”;

8 (2) in section 11 (12 U.S.C. 1431), by adding
 9 at the end the following:

10 “(m) STANDBY LETTERS OF CREDIT.—

11 “(1) IN GENERAL.—Each Federal Home Loan
 12 Bank is authorized to issue and confirm standby let-
 13 ters of credit, secured by collateral eligible to secure
 14 advances, to support any activity permitted under
 15 law or regulation applicable to the member or non-
 16 member mortgagee eligible to receive advances under
 17 section 10b, subject to safety and soundness over-
 18 sight, including the purposes described in paragraph
 19 (2).

20 “(2) PURPOSES.—Each Bank is authorized to
 21 issue or confirm on behalf of members or non-mem-
 22 ber mortgagees standby letters of credit that comply
 23 with the requirements of this subsection for any of
 24 the following purposes:

1 “(A) To assist members or non-member
2 mortgagees in facilitating residential housing fi-
3 nance.

4 “(B) To assist members or non-member
5 mortgagees in facilitating community lending.

6 “(C) To assist members or non-member
7 mortgagees with asset or liability management.

8 “(D) To provide members or non-member
9 mortgagees with liquidity or other funding.

10 “(E) To assist members in facilitating
11 business retention or facilitating business tran-
12 sition to employee- or community-owned compa-
13 nies or assisting those companies.”.

14 **SEC. 7. LETTERS OF CREDIT ON TAX EXEMPT BONDS.**

15 (a) IN GENERAL.—Clause (iv) of section
16 149(b)(3)(A) of the Internal Revenue Code of 1986 is
17 amended by striking “a bond during the period beginning
18 on the date of the enactment of this clause and ending
19 on December 31, 2010” and inserting “a municipal bond
20 (as defined in section 75(b)(1)) on or after the date of
21 enactment of the Federal Home Loan Banks’ Mission Im-
22 plementation Act”.

23 (b) SAFETY AND SOUNDNESS REQUIREMENTS.—
24 Subparagraph (E) of section 149(b)(3) of the Internal
25 Revenue Code of 1986 is amended by striking “which are

1 at least” and all that follows through the period and in-
2 serting “as are established by the Director of the Federal
3 Housing Finance Agency from time to time.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to guarantees made after the date
6 of enactment of this Act.

7 (d) SUNSET.—Effective on the date that is 2 years
8 after the date on which the Federal Emergency Manage-
9 ment Agency terminates the emergency declared on March
10 13, 2020 by the President under the Robert T. Stafford
11 Disaster Relief and Emergency Assistance Act (42 U.S.C.
12 4121 et seq.) relating to the Coronavirus Disease 2019
13 (COVID–19) pandemic, section 149(b)(3) of the Internal
14 Revenue Code of 1986 is amended—

15 (1) in subparagraph (A)(iv), by striking “a mu-
16 nicipal bond (as defined in section 75(b)(1)) on or
17 after the date of enactment of the Federal Home
18 Loan Banks’ Mission Implementation Act” and in-
19 serting “a bond during the period beginning on the
20 date of the enactment of this clause and ending on
21 December 31, 2010”; and

22 (2) in subparagraph (E), by striking “as are es-
23 tablished by the Director of the Federal Housing Fi-
24 nance Agency from time to time” and inserting
25 “which are at least as stringent as such require-

1 ments which apply under regulations applicable to
 2 such guarantees by Federal home loan banks as in
 3 effect on April 9, 2008”.

4 **SEC. 8. AFFORDABLE HOUSING PROGRAM.**

5 (a) IN GENERAL.—Section 10 of the Federal Home
 6 Loan Bank Act (12 U.S.C. 1430) is amended—

7 (1) in subsection (j)—

8 (A) in paragraph (3)—

9 (i) in the matter preceding subpara-
 10 graph (A), by striking “such as the fol-
 11 lowing:” and inserting “such as—”;

12 (ii) in subparagraph (A)—

13 (I) by inserting “the” before
 14 “purchase”; and

15 (II) by striking the comma at the
 16 end and inserting a semicolon;

17 (iii) in subparagraph (B)—

18 (I) by inserting “the” before
 19 “purchase”; and

20 (II) by striking “and” at the end;

21 (iv) in subparagraph (C)—

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

24 (II) by striking the period at the
 25 end and inserting a semicolon; and

1 (v) by adding at the end the following:

2 “(D) the purchase or rehabilitation of
3 housing financed by a community land trust;
4 and

5 “(E) the purchase or rehabilitation of
6 housing in qualified manufactured home com-
7 munities owned by nonprofit organizations or
8 the residents.”; and

9 (B) in paragraph (5)(C)—

10 (i) by striking “10” and inserting
11 “20”;

12 (ii) by striking “100,000,000” and in-
13 serting “200,000,000”; and

14 (iii) by adding at the end the fol-
15 lowing: “Of such contribution, an amount
16 equal to not less than 2 percent of 20 per-
17 cent of the preceding year’s net income
18 shall be used to support subsidized grants
19 or advances through the Affordable Hous-
20 ing Program benefitting federally recog-
21 nized Indian Tribes and communities,
22 which includes awards outside of the dis-
23 trict of a Bank.”.

24 (b) DEFINITIONS.—Section 2 of the Federal Home
25 Loan Bank Act (12 U.S.C. 1422), as amended by section

1 6 of this Act, is amended by adding at the end the fol-
 2 lowing:

3 “(16) MANUFACTURED HOME.—The term
 4 ‘manufactured home’ has the meaning given the
 5 term in section 603 of the National Manufactured
 6 Housing Construction and Safety Standards Act of
 7 1974 (42 U.S.C. 5402).

8 “(17) QUALIFIED MANUFACTURED HOME COM-
 9 MUNITY.—

10 “(A) IN GENERAL.—The term ‘qualified
 11 manufactured home community’ means—

12 “(i) a cooperative controlled by resi-
 13 dents or a nonprofit or municipal housing
 14 corporation established pursuant to the
 15 laws of the State in which the property
 16 used as a manufactured home community
 17 is located; and

18 “(ii)(I) in the case of a community
 19 owned by a cooperative corporation or
 20 membership nonprofit, with membership
 21 interests that are sold on a non-appre-
 22 ciating basis, has only 1 class of member-
 23 ship consisting solely of residents and
 24 homeowners that occupy a home in that
 25 manufactured home community; or

1 “(II) in the case of a community
2 owned by a nonprofit corporation—

3 “(aa) the nonprofit exists for the
4 purposes of preserving and improving
5 affordable housing and is primarily
6 for residential purposes; and

7 “(bb) the intent of the nonprofit
8 in acquiring the community is for the
9 purposes of preserving and improving
10 the manufactured home community.

11 “(B) GOVERNANCE.—An entity shall not
12 be treated as a qualified manufactured home
13 community unless governance of the entity is
14 carried out by members elected to a board of
15 directors with voting structured equitably
16 among all members.”.

17 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
18 Section 10 of the Federal Home Loan Bank Act (12
19 U.S.C. 1430) is amended—

20 (1) in subsection (c), by striking “Federal home
21 loan bank” and inserting “Federal Home Loan
22 Bank”;

23 (2) in subsection (h)(2), by striking “section
24 10(a) of this Act” and inserting “subsection (a)”;
25 and

1 (3) in subsection (j)—

2 (A) in paragraph (2), in the matter pre-
3 ceding subparagraph (A), by striking “Board’s
4 regulations” and inserting “regulations promul-
5 gated by the Director”;

6 (B) in paragraph (6)—

7 (i) in subparagraph (A), by striking
8 “this paragraph” and inserting “paragraph
9 (5)”;

10 (ii) in subparagraph (C), in the sec-
11 ond sentence, by striking “Board’s deci-
12 sion” and inserting “decision of the Direc-
13 tor”; and

14 (iii) in subparagraph (F), by inserting
15 “NOTIFICATION.—” before “The Direc-
16 tor”;

17 (C) in paragraph (8), in the matter pre-
18 ceding subparagraph (A), by striking “para-
19 graph” and inserting “subsection”;

20 (D) in paragraph (12)—

21 (i) in subparagraph (A), by inserting
22 “IN GENERAL.—” before “The Director”;
23 and

1 (ii) in subparagraph (B), by inserting
 2 “ANALYSES.—” before “The analyses”;
 3 and
 4 (E) in paragraph (13), in the matter pre-
 5 ceding subparagraph (A), by striking “sub-
 6 section—” and inserting “subsection:”.

7 **SEC. 9. COMMUNITY INVESTMENT CASH ADVANCE AND**
 8 **COMMUNITY ECONOMIC DEVELOPMENT PRO-**
 9 **GRAM.**

10 (a) IN GENERAL.—Section 10 of the Federal Home
 11 Loan Bank Act (12 U.S.C. 1430) is amended by inserting
 12 after subsection (e) the following:

13 “(f) COMMUNITY INVESTMENT CASH ADVANCE AND
 14 COMMUNITY ECONOMIC DEVELOPMENT PROGRAM.—

15 “(1) IN GENERAL.—Pursuant to regulations
 16 promulgated by the Director, each Bank—

17 “(A) may establish community investment
 18 cash advance programs to provide financing for
 19 members or nonmember mortgagees eligible to
 20 receive advances under section 10b to provide
 21 projects targeted to certain economic develop-
 22 ment activities and specific beneficiaries, includ-
 23 ing certain geographic areas and at certain tar-
 24 geted income levels established by the Bank
 25 with the prior approval of Director; and

1 “(B) shall provide targeted community eco-
2 nomic development grants and lending.

3 “(2) MIXED-USE PROJECTS.—With respect to a
4 project funded under a program established under
5 this subsection involving a combination of housing
6 projects and economic development projects, only the
7 economic development components of the project
8 shall be required to meet the appropriate targeted
9 income level for the program.

10 “(3) PRICING AND AVAILABILITY OF AD-
11 VANCES.—A Bank shall price advances to members
12 under this subsection as provided in section 1266.5
13 of title 12, Code of Federal Regulations, or any suc-
14 cessor regulation, and may price such advances at
15 rates below the price of advances of similar amounts,
16 maturities, and terms made pursuant to subsection
17 (a).

18 “(4) ADVANCES TO NON-MEMBER MORTGAGEES
19 ELIGIBLE TO RECEIVE ADVANCES.—

20 “(A) IN GENERAL.—A Bank may offer ad-
21 vances under a program established under this
22 subsection to non-member mortgagees eligible
23 to receive advances under subsection (b) at the
24 Bank’s option.

1 “(B) PRICING.—A Bank shall price ad-
 2 vances under this paragraph to non-member
 3 mortgagees eligible to receive advances under
 4 section 10b as provided in section 1266.17 of
 5 title 12, Code of Federal Regulations, or any
 6 successor regulation, and may price such ad-
 7 vances at rates below the price of advances of
 8 similar amounts, maturities, and terms made
 9 pursuant to section 10b.

10 “(5) PRICING PASS-THROUGH.—A Bank may
 11 require that borrowers receiving advances made
 12 under a program established under this subsection
 13 pass through the benefit of any price reduction from
 14 regular advance pricing to borrowers of the Bank.

15 “(6) DISCOUNT FUND.—

16 “(A) IN GENERAL.—A Bank may establish
 17 a discount fund that the Bank may use to re-
 18 duce the price of advances made under a pro-
 19 gram established under this subsection below
 20 the advance prices provided for by part 1292 of
 21 title 12, Code of Federal Regulations, or any
 22 successor regulation.

23 “(B) FAIR DISTRIBUTION SCHEME.—Price
 24 reductions made through a discount fund under

1 subparagraph (A) shall be made in accordance
2 with a fair distribution scheme.

3 “(7) COMMUNITY ECONOMIC DEVELOPING
4 GRANTS AND LENDING.—

5 “(A) DEFINITIONS.—In this paragraph:

6 “(i) ELIGIBLE ENTITY.—The term ‘el-
7 igible entity’ means—

8 “(I) a locally-owned nonprofit or-
9 ganization described in section
10 501(c)(3) of the Internal Revenue
11 Code of 1986 and exempt from tax-
12 ation under section 501(a) of such
13 Code or a community development
14 corporation—

15 “(aa) that has experience in
16 developing and managing eco-
17 nomic development projects;

18 “(bb) that governed by a
19 board of directors consisting of
20 residents of the community and
21 business and civic leaders; and

22 “(cc) the principal purpose
23 of which is to plan, develop, or
24 manage low-income housing or
25 community development projects;

1 “(II) a non-depository commu-
 2 nity development financial institution,
 3 as defined in section 103 of the Riegle
 4 Community Development and Regu-
 5 latory Improvement Act of 1994 (12
 6 U.S.C. 4702), that is certified by the
 7 Community Development Financial
 8 Institutions Fund under section
 9 1805.201 of title 12, Code of Federal
 10 Regulations, or any successor regula-
 11 tion;

12 “(III) a federally recognized In-
 13 dian Tribe or community; or

14 “(IV) a regional or national non-
 15 profit community development or co-
 16 operative development intermediary.

17 “(ii) LOW-INCOME COMMUNITY.—The
 18 term ‘low-income community’ has the
 19 meaning given the term in section 45D(e)
 20 of the Internal Revenue Code of 1986.

21 “(iii) RURAL COMMUNITY.—The term
 22 ‘rural community’ means a city, town, or
 23 Census Designated Place with a population
 24 of not more than 20,000, according to the

1 most recent decennial census conducted by
2 the Bureau of the Census.

3 “(iv) VERY LOW-INCOME HOUSE-
4 HOLD.—The term ‘very low-income house-
5 hold’ means a household with an income
6 that is not greater than 50 percent of the
7 area median income.

8 “(B) REQUIREMENT.—Each Bank shall
9 establish a program to provide grants or sub-
10 sidize the interest rate on advances to members
11 engaged in lending to eligible entities for eco-
12 nomic development activities that serve low-in-
13 come or rural communities.

14 “(C) USE OF FUNDS.—The entire amount
15 of a grant or subsidized advance provided under
16 this paragraph—

17 “(i) shall benefit the communities as-
18 sisted by the recipient of the grant or sub-
19 sidized advance;

20 “(ii) shall not be used for the purpose
21 of financial education or to support a
22 sports stadium or arena; and

23 “(iii) shall provide at least 2 percent
24 of grants or advance funds to benefit fed-
25 erally recognized Indian Tribes or commu-

1 nities, which may include a Bank providing
 2 grants or advance funds outside of the dis-
 3 trict of the Bank.

4 “(D) ELIGIBLE ACTIVITIES.—Economic
 5 development activities that are eligible to be
 6 carried out under this paragraph include—

7 “(i) providing grants and equity in-
 8 vestments, including those that capitalize a
 9 revolving loan fund of a Treasury-certified
 10 non-depository community development fi-
 11 nancial institution for eligible economic de-
 12 velopment activities similar to the author-
 13 ity provided within the Affordable Housing
 14 Program under subsection (j);

15 “(ii) providing awards consistent with
 16 awards provided under section 680 of the
 17 Community Block Grant Act (42 U.S.C.
 18 9921);

19 “(iii) financing business transitions to
 20 worker-owned cooperatives or financing the
 21 sales of business assets to employees or
 22 community stakeholders that preserve jobs
 23 in low- and moderate-income communities;

24 “(iv) financing capital expenditures,
 25 such as the purchase of equipment or real

1 property for nonprofit organizations, in-
2 cluding child care or health care facilities
3 in low-income communities, that provide
4 service to low-income households;

5 “(v) financing operating expenses for
6 nonprofit community development organi-
7 zations engaged in community economic
8 development activities benefitting very low-
9 income households;

10 “(vi) water, road, broadband, clean
11 energy, or municipal infrastructure invest-
12 ments, including investments to address
13 climate change, in Native American tribal
14 lands and economically distressed rural
15 communities;

16 “(vii) providing community facilities
17 or infrastructure, including public transit,
18 green space consisting of parks with trees
19 and shrubbery, heat-reflecting road and
20 sidewalk upgrades, tornado shelters, public
21 restrooms, or environmental cooling loca-
22 tions accessible to the public in low-income
23 communities; and

24 “(viii) any other activity established
25 by the Director in consultation with Con-

gress, the Federal Home Loan Banks and their housing advisory councils, and the public.

“(E) PRIORITIES FOR MAKING GRANTS AND ADVANCES.—In using amounts provided under this paragraph, each Bank member shall give priority to qualified projects such as—

“(i) grants or advances for mixed-use housing developments that provide economic activity and affordable housing for low-income and rural communities;

“(ii) grants or advances for child care facilities that serve low-income households;

“(iii) grants or advances for programs that provide economic opportunities for formerly incarcerated individuals;

“(iv) grants or advances that enable conversion to employee- or community-owned companies or financing the sales of business assets to employees or community stakeholders;

“(v) grants or advances to established regional and national intermediary organizations that already receive Federal funds and have the capacity to deliver economic

1 development activities to low-income house-
 2 holds; and

3 “(vi) any other priority established by
 4 the Agency in consultation with the Banks,
 5 Bank members, housing advisory councils
 6 of the Banks, Congress, and the public.

7 “(F) REQUIREMENTS FOR PROJECTS IN
 8 RURAL COMMUNITIES.—With respect to a
 9 project carried out by an eligible entity in a
 10 rural community under this paragraph—

11 “(i) not less than 51 percent of the
 12 population served by the project shall re-
 13 side in the rural community;

14 “(ii) the projects shall primarily serve
 15 and benefit rural residents and commu-
 16 nities; and

17 “(iii) the rural community shall be
 18 within the jurisdiction of the eligible entity.

19 “(G) REPORT.—Each member receiving a
 20 grant or advance under this paragraph shall re-
 21 port annually to the Bank making the grant or
 22 advance concerning the use by the member of
 23 the grant or advance.

24 “(H) CONTRIBUTION TO PROGRAM.—Each
 25 Bank shall annually contribute 10 percent of

1 the preceding year's net income, or such pro-
2 rated sums as may be required to ensure that
3 the aggregate contribution of the Banks shall
4 not be less than \$100,000,000 for each such
5 year, to support grants and subsidized advances
6 made under this paragraph.".

○