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(Original Signature of Member)

117TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

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.

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IN THE HOUSE OF REPRESENTATIVES

Mr. TORRES of New York introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Federal Home Loan  
3 Banks’ Mission Implementation Act”.

4 **SEC. 2. PURPOSE.**

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

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

14 (2) authorizing the Federal Home Loan Banks  
15 to accept government insured or guaranteed loans as  
16 collateral to support COVID–19 programs;

17 (3) allowing Federal Home Loan Bank mem-  
18 bers that are community development financial insti-  
19 tutions or credit unions to pledge community finan-  
20 cial institution collateral, such as small business,  
21 small agriculture, and community development  
22 loans;

23 (4) increasing funding for the Affordable Hous-  
24 ing Program required to be established by each Fed-  
25 eral Home Loan Bank under section 10(j) of the  
26 Federal Home Loan Bank Act (12 U.S.C. 1430(j))

1 and establishing a 2-percent set aside of the Afford-  
2 able Housing Program amount for federally recog-  
3 nized Indian Tribes and communities; and

4 (5) requiring each Federal Home Loan Bank to  
5 establish a community economic development invest-  
6 ment program within the Federal Home Loan Bank  
7 system to generate financial opportunity, create jobs,  
8 and stimulate economic development in distressed  
9 urban, rural, Tribal, and suburban communities in  
10 the United States.

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

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

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

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

19 “(2) ADVANCES.—A Bank that, in the exercise  
20 of its authority under section 10 of the Federal  
21 Home Loan Bank Act (12 U.S.C. 1430) to make se-  
22 cured advances, accepts as collateral a loan guaran-  
23 teed by the Administration under this Act or any  
24 other provision of law, including loans guaranteed  
25 under section 7(a)—

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

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

12           “(3) TRANSFER OF GUARANTEE.—In the event  
13 that a Bank forecloses upon a guaranteed loan that  
14 was accepted as collateral under paragraph (2), the  
15 Bank may be the beneficiary of the guarantee obli-  
16 gation of the Administration on the loan.”.

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

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

24           “(F) Loans guaranteed or insured by the  
25 United States Government or any agency there-

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

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

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

21 (a) DEFINITIONS.—Section 2 of the Federal Home  
22 Loan Bank Act (12 U.S.C. 1422) is amended in para-  
23 graph (10)—

1           (1) by striking “INSTITUTION.—” and all that  
2 follows through “The term” and inserting “INSTITU-  
3 TION.—The term”;

4           (2) in subparagraph (A)(i), by inserting “(12  
5 U.S.C. 1811 et seq.) or the Federal Credit Union  
6 Act (12 U.S.C. 1751 et seq.)” before the semicolon;

7           (3) by renumbering clauses (i) and (ii) as sub-  
8 paragraphs (A) and (B), respectively, and adjusting  
9 the margins accordingly; and

10          (4) by adding at the end the following:

11                   “(C) has been certified as a community de-  
12 velopment financial institution (as such term is  
13 defined in section 103 of the Riegle Community  
14 Development and Regulatory Improvement Act  
15 of 1994 (12 U.S.C. 4702) by the Secretary of  
16 the Treasury;

17                   “(D) COLLATERAL PLEDGED BY COMMU-  
18 NITY DEVELOPMENT FINANCIAL INSTITU-  
19 TION.—Any asset pledged as collateral by a  
20 Community Financial Development Institution  
21 to secure an advance from a Federal Home  
22 Loan Bank shall be exempt from sections 701  
23 et seq. and 1101 et seq. of title 11, United  
24 States Code, and any proceeding thereunder.”.

1 **SEC. 6. LETTERS OF CREDIT ON TAX EXEMPT BONDS.**

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

10 (b) SAFETY AND SOUNDNESS REQUIREMENTS.—  
11 Subparagraph (E) of section 149(b)(3) of the Internal  
12 Revenue Code of 1986 is amended by striking “which are  
13 at least” and all that follows through the period and in-  
14 serting “as are established by the Director of the Federal  
15 Housing Finance Agency from time to time.”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to guarantees made after the date  
18 of enactment of this Act.

19 **SEC. 7. AFFORDABLE HOUSING PROGRAM.**

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

22 (1) in paragraph (3)—

23 (A) in the matter preceding subparagraph  
24 (A), by striking “such as the following:” and in-  
25 serting “such as—”;

26 (B) in subparagraph (A)—

1 (i) by inserting “the” before “pur-  
2 chase”; and

3 (ii) by striking the comma at the end  
4 and inserting a semicolon;

5 (C) in subparagraph (B)—

6 (i) by inserting “the” before “pur-  
7 chase”; and

8 (ii) by striking “and” at the end;

9 (D) in subparagraph (C)—

10 (i) by inserting “the” before “pur-  
11 chase”; and

12 (ii) by striking the period at the end  
13 and inserting a semicolon; and

14 (iii) by adding at the end the fol-  
15 lowing:

16 “(D) the purchase or rehabilitation of  
17 housing financed by a community land trust;  
18 and

19 “(E) the purchase or rehabilitation of  
20 housing in qualified manufactured home com-  
21 munities.”; and

22 (2) in paragraph (5)(C)—

23 (A) by striking “10 percent” and inserting  
24 “20 percent”; and



1 (B) by adding at the end the following:  
2 “Of such contribution, an amount equal to not  
3 less than 2 percent of 20 percent of the pre-  
4 ceding year’s net income shall be provided as  
5 advances to benefit federally recognized Indian  
6 Tribes or communities, which may include a  
7 Bank providing advances outside of the district  
8 of the Bank and shall provide grants or sub-  
9 subsidized advances through the Affordable Hous-  
10 ing Program benefitting federally recognized In-  
11 dian Tribes and communities, which includes  
12 grants and awards outside of the district of a  
13 Bank.”.

14 (b) DEFINITIONS.—Section 2 of the Federal Home  
15 Loan Bank Act (12 U.S.C. 1422) is amended by adding  
16 at the end the following:

17 “(14) MANUFACTURED HOME.—The term  
18 ‘manufactured home’ has the meaning given the  
19 term in section 603 of the National Manufactured  
20 Housing Construction and Safety Standards Act of  
21 1974 (42 U.S.C. 5402).

22 “(15) QUALIFIED MANUFACTURED HOME COM-  
23 MUNITY.—

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

1 “(i) a cooperative controlled by resi-  
2 dents or a nonprofit or municipal housing  
3 corporation established pursuant to the  
4 laws of the State in which the property  
5 used as a manufactured home community  
6 is located; and

7 “(ii)(I) in the case of a community  
8 owned by a cooperative corporation or  
9 membership nonprofit, with membership  
10 interests that are sold on a non-appre-  
11 ciating basis, has only 1 class of member-  
12 ship consisting solely of residents and  
13 homeowners that occupy a home in that  
14 manufactured home community; or

15 “(II) in the case of a community  
16 owned by a nonprofit corporation—

17 “(aa) the nonprofit exists for the  
18 purposes of preserving and improving  
19 affordable housing and is primarily  
20 for residential purposes; and

21 “(bb) the intent of the nonprofit  
22 in acquiring the community is for the  
23 purposes of preserving and improving  
24 the manufactured home community.

1           “(B) GOVERNANCE.—An entity shall not  
2           be treated as a qualified manufactured home  
3           community unless governance of the entity is  
4           carried out by members elected to a board of  
5           directors with voting structured equitably  
6           among all members.”.

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

10           (1) in subsection (c), by striking “Federal home  
11           loan bank” and inserting “Federal Home Loan  
12           Bank”;

13           (2) in subsection (j)—

14           (A) in paragraph (2), in the matter pre-  
15           ceding subparagraph (A), by striking “Board’s  
16           regulations” and inserting “regulations promul-  
17           gated by the Director”;

18           (B) in paragraph (6)(C), in the second  
19           sentence, by striking “Board’s decision” and in-  
20           serting “decision of the Director”;

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

24           (D) in paragraph (12)—

25           (i) in subparagraph (A)—

1 (I) by inserting “IN GENERAL.—  
2 ” before “The Director”; and

3 (II) by striking “to the Congress  
4 and”; and

5 (ii) in subparagraph (B), by inserting  
6 “ANALYSES.—” before “The analyses”;  
7 and

8 (E) in paragraph (13), in the matter pre-  
9 ceding subparagraph (A), by striking “sub-  
10 section—” and inserting “subsection:”.

11 **SEC. 8. COMMUNITY INVESTMENT CASH ADVANCE AND**  
12 **COMMUNITY ECONOMIC DEVELOPMENT**  
13 **GRANTS PROGRAM.**

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

17 “(f) COMMUNITY INVESTMENT CASH ADVANCE AND  
18 COMMUNITY ECONOMIC DEVELOPMENT PROGRAM.—

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

21 “(A) may establish community investment  
22 cash advance programs to provide financing for  
23 members or nonmember mortgagees eligible to  
24 receive advances under section 10b to provide  
25 projects targeted to certain economic develop-

1           ment activities and specific beneficiaries, includ-  
2           ing certain geographic areas and at certain tar-  
3           geted income levels established by the Bank  
4           with the prior approval of Director; and

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

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

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

22                   “(4) ADVANCES TO NON-MEMBER MORTGAGEES  
23          ELIGIBLE TO RECEIVE ADVANCES.—

24                   “(A) IN GENERAL.—A Bank may offer ad-  
25          vances under a program established under this

1 subsection to non-member mortgagees eligible  
2 to receive advances under subsection (b) at the  
3 Bank's option.

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

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

18 “(6) DISCOUNT FUND.—

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

1           “(B) FAIR DISTRIBUTION SCHEME.—Price  
2           reductions made through a discount fund under  
3           subparagraph (A) shall be made in accordance  
4           with a fair distribution scheme.

5           “(7) COMMUNITY ECONOMIC DEVELOPING  
6           GRANTS AND LENDING.—

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

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

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

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

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

24                                   “(cc) the principal purpose  
25                                   of which is to plan, develop, or

1 manage low-income housing or  
2 community development projects;

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

14 “(III) a federally recognized In-  
15 dian Tribe or community; or

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

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

23 “(iii) **RURAL COMMUNITY.**—The term  
24 ‘rural community’ means a city, town, or  
25 Census Designated Place with a population



1 of not more than 20,000, according to the  
2 most recent decennial census conducted by  
3 the Bureau of the Census.

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

9 “(B) REQUIREMENT.—Each Bank shall  
10 establish a program to provide advances to  
11 members engaged in lending to eligible entities  
12 for economic development activities that serve  
13 low-income or rural communities.

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

17 “(i) shall be used for eligible activities  
18 under paragraph (7)(D); and

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

22 “(D) ELIGIBLE ACTIVITIES.—Economic  
23 development activities that are eligible to be  
24 carried out under this paragraph include—

1           “(i) providing grants and equity in-  
2           vestments, including those that capitalize a  
3           revolving loan fund of a Treasury-certified  
4           non-depository community development fi-  
5           nancial institution for eligible economic de-  
6           velopment activities;

7           “(ii) providing awards consistent with  
8           awards provided under section 680 of the  
9           Community Block Grant Act (42 U.S.C.  
10          9921);

11          “(iii) financing business transitions to  
12          worker-owned cooperatives or financing the  
13          sales of business assets to employees or  
14          community stakeholders that preserve jobs  
15          in low- and moderate-income communities;

16          “(iv) financing capital expenditures,  
17          such as the purchase of equipment or real  
18          property for nonprofit organizations, in-  
19          cluding child care or health care facilities  
20          in low-income communities, that provide  
21          service to low-income households;

22          “(v) financing operating expenses for  
23          nonprofit community development organi-  
24          zations engaged in community economic

1 development activities benefitting very low-  
2 income households;

3 “(vi) water, road, broadband, clean  
4 energy, or municipal infrastructure invest-  
5 ments, including investments to address  
6 climate change, in lands owned by feder-  
7 ally-recognized Indian Tribes or commu-  
8 nities and economically distressed and eco-  
9 nomically distressed rural communities;

10 “(vii) providing community facilities  
11 or infrastructure, including public transit,  
12 green space consisting of parks with trees  
13 and shrubbery, heat-reflecting road and  
14 sidewalk upgrades, tornado shelters, public  
15 restrooms, or environmental cooling loca-  
16 tions accessible to the public in low-income  
17 communities; and

18 “(viii) any other activity established  
19 by the Director in consultation with the  
20 Banks and advisory councils of the Banks,  
21 Congress, and the public.

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

1           “(i) advances for mixed-use housing  
2           developments that provide economic activ-  
3           ity and affordable housing for low-income  
4           and rural communities;

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

7           “(iii) advances for programs that pro-  
8           vide economic opportunities for formerly  
9           incarcerated individuals;

10          “(iv) advances that enable conversion  
11          to employee- or community-owned compa-  
12          nies or financing the sales of business as-  
13          sets to employees or community stake-  
14          holders;

15          “(v) advances to established regional  
16          and national intermediary organizations  
17          that already receive Federal funds and  
18          have the capacity to deliver economic devel-  
19          opment activities to low-income households;  
20          and

21          “(vi) any other priority established by  
22          the Director in consultation with the  
23          Banks, advisory councils of the Banks,  
24          Congress, and the public.

1           “(F) REQUIREMENTS FOR PROJECTS IN  
2 RURAL COMMUNITIES.—With respect to a  
3 project carried out by an eligible entity in a  
4 rural community under this paragraph—

5           “(i) not less than 51 percent of the  
6 population served by the project shall re-  
7 side in the rural community;

8           “(ii) the projects shall primarily serve  
9 and benefit rural residents and commu-  
10 nities; and

11           “(iii) the rural community shall be  
12 within the jurisdiction of the eligible entity.

13           “(G) REPORT.—Each member receiving a  
14 grant or advance under this paragraph shall re-  
15 port annually to the Bank making the grant or  
16 advance concerning the use by the member of  
17 the grant or advance.

18           “(H) CONTRIBUTION TO PROGRAM.—Each  
19 Bank shall annually contribute 10 percent of  
20 the preceding year’s net income, or such pro-  
21 rated sums as may be required to ensure that  
22 the aggregate contribution of the Banks shall  
23 not be less than \$100,000,000 for each such  
24 year, to support grants and advances made  
25 under this paragraph. Of such contribution, an

1 amount equal to not less than 2 percent of 10  
2 percent of the preceding year's net income shall  
3 be provided as advances to benefit federally rec-  
4 ognized Indian Tribes or communities, which  
5 may include a Bank providing advances outside  
6 of the district of the Bank.”.