



2018 Community Support Program and Targeted Community Lending Plan

December 15, 2017

Effective January 1, 2018

Policy Information

Document Title:	Community Support Program and Targeted Community Lending Plan
Content Owner:	Director of Housing and Community Development (HCD)
Certification of Compliance Contact:	N/A
Policy Category:	FHLBank Policy
FHLBank-Level Approver:	President and Chief Executive Officer (CEO)
Board-Level Approver:	Full Board (Housing & Governance)
Review Frequency:	Annually
Initial Effective Date:	1/1/2018
Last CEO Approval Date:	11/30/2017
Next Review Date:	12/2018

I) Introduction.

This FHLBank Policy, governed by the board of directors (board), sets forth the provisions of Federal Home Loan Bank of Topeka's (FHLBank's) Community Support Program and Targeted Community Lending Plan (Plan) as required by 12 C.F.R Parts 1290, 1291, and 1292. FHLBank's board shall adopt this Plan at least annually and FHLBank shall publish its current Plan on its website within 30 days after the date of adoption. This Plan includes many of the programs and activities undertaken by FHLBank in the area of community support, but it is not intended to be a complete description of all FHLBank programs and activities directed at enhancing housing and community development.

II) Overview.

A) Purpose. The purpose of this Plan is to set forth the policy and provisions as required by the applicable Federal Housing Finance Agency's (FHFA) regulations. This Plan is established to promote and enhance affordable housing and community development in the Tenth District (FHLBank's District) by providing loans, grants and other assistance to members to provide financing for eligible targeted community lending at the appropriate targeted income levels, including underserved neighborhoods and communities.

B) Scope. This Plan provides the framework and guidance for the following Plan programs and initiatives:

- 1) Community Investment Cash Advance (CICA) Programs, which include:
 - (a) Community Housing Program (CHP)
 - (b) Community Development Program (CDP)
- 2) Rural First-time Homebuyer Education Program (RFHEP)
- 3) Awards, technical assistance and other outreach, including partnerships with federal, state and local housing and community development organizations.

The Affordable Housing Program (AHP) including Homeownership Set-aside Program (HSP) is a CICA program. The framework and guidance for AHP and HSP are in the AHP Implementation Plan (IP), which is available on FHLBank's website.

C) Applicable Statutory and Regulatory Provisions. Applicable provisions of the Federal Home Loan Bank Act (Act) and the regulations of the FHFA supersede this Plan, and any actions taken hereunder shall be consistent with such provisions. The applicable FHFA regulations include but are not limited to 12 C.F.R. Parts 1290, 1291, and 1292.

D) Defined Terms. Terms used within this Plan and in all applicable agreements, forms, applications and FHLBank's website shall have the meanings as set forth in Exhibit D of this Plan.

E) Affordable Housing Advisory Council (Advisory Council). Per 12 C.F.R. §1291.4, the board shall appoint an Advisory Council of 7 to 15 members. These members shall reside in FHLBank's District and shall be drawn from the community and not-for-profit organizations that are actively involved in providing or promoting low-and moderate-income housing and community lending in FHLBank's District.

- 1) The Advisory Council shall meet quarterly with the board's Housing and Governance committee (HGC) to provide advice regarding how to carry out the housing finance and community lending mission of FHLBank, including but not limited to, advice on the low-and moderate-income housing and community lending programs and needs in FHLBank's District, and on the use of AHP subsidies, FHLBank advances, and other FHLBank credit products for these purposes.
- 2) Prior to its adoption, the Advisory Council shall review the Plan and any subsequent amendments thereto, and provide its recommendations to the HGC.

- III) Market Research.** FHLBank conducts market research using both primary and secondary sources. Primary sources include consultation with members and economic development organizations within FHLBank's District and consultation with the Advisory Council. Secondary sources include an analysis of materials related to some of the classes of CICA-targeted beneficiaries. Other materials reviewed but not related to CICA-targeted beneficiaries include each FHLBank District state's Consolidated Plan for Housing as well as Consolidated Plans prepared for larger communities, Census data, publications applicable to the district, rural resources and state and local sources.

In 2018, FHLBank will pursue the following areas of Market Research:

- USDA and HUD rental projects in rural areas needing rehabilitation assistance;
- Ability of small rental projects to service a portion of rehabilitation costs with debt;
- Funding Low-income Housing Tax Credit projects at the end of the tax credit period; and
- Members use of FHLBank's CHP to finance long-term, fixed-rate rehabilitation loans to small rental rehabilitation projects and to mitigate interest rate risk inherent in fixed-rate loans.

FHLBank works with the Advisory Council to continually evaluate the needs of the district and how FHLBank programs can be tailored to best meet those needs.

FHLBank shall continue to seek information on opportunities to enhance and promote housing and community development finance from members, nonmember borrowers, the Advisory Council and public and private housing and economic development organizations as part of the ongoing administration of the Plan.

FHLBank reviews the information obtained through this market research, which identifies credit needs and market opportunities for affordable housing and targeted community lending in the FHLBank district. The AHP, CDP and CHP are designed to meet these identified needs.

- IV) Technical Assistance and Outreach.** FHLBank offers technical assistance to members and communities to address local needs for affordable housing and economic development. FHLBank shall work with federal agencies, members, local government entities and other interested parties to develop an understanding of local economic development and housing needs, both current and long-term. Technical assistance includes but is not limited to: (1) consulting with the participating groups on assessing and responding to economic development and housing needs, including the identification of organizations that can assist with those tasks; (2) assisting in the identification and documentation of any financing resources applicable to the identified economic development or housing projects (3) promoting the use of FHLBank's products and programs; and (4) devoting a portion of FHLBank's website to CICA Programs. Information is provided on FHLBank's website.
- V) Recognition Awards.** FHLBank shall recognize exemplary performance by members in community support activities through the Community Leader Award (CLA) and other recognition awards such as plaques and certificates. These activities include member participation in the HSP, AHP, CHP, and CDP as well as member community support activities not involving FHLBank programs. FHLBank shall include award presentations as part of appropriate FHLBank programs, ground-breaking or ribbon-cutting ceremonies, or other appropriate circumstances.
- VI) Quantitative Targeted Community Lending Performance Goals.** Identified below are FHLBank's quantitative targeted community lending performance goals for 2018:
- A) Contact 100% of member institutions with program outreach materials.**

- B) Work with homebuyer education and counseling statewide coordinators in the district to achieve 100% utilization of FHLBank's Rural First-time Homebuyer Education Program grant funds.
- C) Attend, financially support, or participate in a minimum of three statewide housing workshops conducted by third-party housing organizations.
- D) Offer four web-based trainings to enhance understanding of HCD program requirements and benefits.

VII) FHLBank Current Programs. Identified below is a list of specific programs included in the Plan.

- A) **Affordable Housing Program.** The AHP, including the HSP, is set forth in FHLBank's AHP IP.
- B) **Community Investment Cash Advance Programs.** These are governed by FHLBank's *Member Products Policy*.
 - 1) **Community Housing Program.** Under the CHP, FHLBank provides advances to members to finance the construction, acquisition, refinancing or rehabilitation of renter- or owner-occupied housing for households at or below 115% of area median income. See Exhibit A for program information.
 - 2) **Community Development Program.** Under the CDP, FHLBank provides advances to members to extend long-term fixed rate credit for community development, including the finance of qualifying commercial loans, farm loans and community and economic development initiatives. See Exhibit B for program information.
- C) **Rural First-time Homebuyer Education Program.** FHLBank shall provide \$75,000 to support the RFHEP. A training curriculum for use by members and nonprofit housing counseling agencies in counseling prospective homebuyers on homeownership has been established. FHLBank shall support rural homeownership counseling while actively encouraging participating organizations to seek supplemental funding from other sources.

VIII) Notifications.

- A) **Notice of Programs to Members.** FHLBank shall provide annually to each of its members a written notice identifying its CICA Programs and other activities that may provide opportunities for a member to meet the community support requirements and engage in targeted community lending. The notice shall also include a summary of targeted community lending and affordable housing activities undertaken by members, housing associates, nonprofit housing developers, community groups, or other entities in the FHLBank's District, that may provide the same such opportunities.

- IX) **Community Support Requirement Notice.** If a member is selected by the FHFA to submit a community support statement, FHLBank shall provide written notice to that member on or before March 31 of the calendar year in which it was selected. Such notice shall provide notification that the member has to submit a community support statement to FHFA on or before December 31 of the calendar year in which it was selected. FHLBank shall also provide notice to its Advisory Council and to interested nonprofit housing developers, community groups, and other interested parties, and include a notice on its public Web site, of the opportunity to submit comments on the community support programs and activities of members, with the name and address of each member within its district subject to community support review and the deadline and FHFA contact information for submission of any comments to FHFA. FHLBank will promptly notify the member of FHFA's determination regarding the member's Community Support Statement. If the FHFA determines the Community Support Statement to be unacceptable, the member's access to long-term advances (credit with a term to maturity greater than one year) will be restricted. In addition, a member subject to a restriction by FHFA to long-term advances is not eligible to participate in FHLBank's CICA or AHP programs. The restriction does not apply to CICA or AHP applications or funding approved before the date the restriction is imposed.
- Diversity and Inclusion.**

FHLBank's *Diversity and Inclusion Policy*, which is available on FHLBank's website, provides guidance regarding the principles of non-discrimination and the inclusion of minorities, women, individuals with disabilities, and individuals in the LGBTQ community, and minority-, women-, disabled-, and LGBTQ-owned businesses in FHLBank's business activities.

X) Review of Plan. This Plan shall be reviewed annually and revised as needed by the Director of HCD. Any such revisions shall be submitted for review by the Executive Team and approval by the President and CEO. In the event of any proposed revisions to this Plan, such revisions shall be submitted for review by and consultation with the Advisory Council and approval by HGC and the board.

XI) Exhibits.

A) Exhibit A: Community Housing Program Advances

B) Exhibit B: Community Development Program Advances

C) Exhibit C: Definitions

EXHIBIT A

Community Housing Program (CHP) Advances

The CHP is a special advance program authorized by 12 C.F.R. Part 1292 (the CICA regulations). CHP provides wholesale loans (advances) priced below FHLBank's regular advance rates to help members finance owner- and renter-occupied housing in their communities.

PROGRAM OBJECTIVE

To finance the construction, purchase, rehabilitation or refinance of owner-occupied and rental housing occupied by or affordable to households earning up to 115 percent of area median income (AMI).

COMMON USES

- Financing the construction, rehabilitation, purchase, or to refinance existing loans;
- Purchasing a participation interest, or providing financing to participate, in a loan consortium for CHP-eligible housing projects;
- Making loans to entities that, in turn, make loans for CHP-eligible housing projects;
- Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CHP program;
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CHP program; and
- Purchasing low-income housing tax credits.

TERMS AND CONDITIONS

CHP Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Required Documents

A complete CHP application, including identified loans, must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application to ensure it is consistent with the identified loans, is consistent with program requirements, and does not include loans to individuals or entities listed on FHLBank's Suspended Counterparty List, all prior to project approval. Projects involving refinancing of previously CHP-funded loans(s) must be identified in a separate application. There will be no loan substitutions once an application is approved. The application review is not a competitive process or subject to limits on the amount of funding available. An application may be obtained from FHLBank's website.

When completing the application, members may request approval for (1) a specific project or loan; (2) CHP funding needs based on loans to be originated to CHP-qualified homeowners in the 12 months following approval of the CHP application; or (3) loans made to CHP-qualified borrowers for up to three months prior to submission of the CHP application. Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development programs.

Limitations

Members must comply with FHLBank's credit procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CHP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CHP advances for their own benefit. The minimum amount of a CHP advance is \$10,000. Members may not apply for CHP advance funding for any loan secured by property to be used for any marijuana-related business.

FHLBank shall not allow a member that is subject to a restriction by FHFA access to long-term advances (greater than one year) to participate in the CHP program. This restriction does not apply to CHP applications or funds approved before the date the restriction was imposed.

Advance Draws on Approved CHP Application

Members may request draws on an approved CHP application by contacting the Lending department. Multiple CHP advances may be drawn up to the total amount of approved CHP application amount. Members are not committed to taking the full amount of approved CHP application; however, any unused CHP application amount shall expire 12 months from the date of the CHP application approval.

Qualifying Criteria

Single- and multifamily housing projects must meet one of the following CHP income qualifications:

- 1) Owner-occupied units that are or shall be occupied by households with incomes at or below 115 percent of the AMI for a three-plus person household utilizing Mortgage Revenue Bond income limits; or
- 2) At least 51 percent of rental units that are or shall be occupied by households with incomes at or below 115 percent of the AMI for a four person household utilizing HUD income limits; or
- 3) At least 51 percent of rental units must have rents affordable to households at or below 115 percent of the AMI for a four person household utilizing HUD income limits. Rent is affordable if it is less than 30 percent of 115 percent of area median income. For example, a project located in a county for which 115 percent of median income equals \$32,000; the maximum CHP-qualified rent is \$800 ($\$32,000 * 30\% / 12 = \800).

Rate

CHP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CHP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CHP advance rate pricing must be applied on the date the advance is issued. CHP pricing cannot be approved for advances obtained by the member prior to approval of the CHP application. Members may establish the customer's loan rate above the CHP rate based on market rates or commitments to their customer.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the program, the interest rates on the outstanding CHP advances may be changed to the regular advance rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Principal and Interest

Normal principal and interest collection applies. For details, refer to the specific advance program.

Term

CHP advances are available in maturities from four months to 30 years.

Prepayment Option

Normal prepayment fees will apply to CHP advances. For details, refer to the specific advance program.

Collateral

CHP advances must be fully collateralized at the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of the Member Products and Services Guide for more information.

Documentation

FHLBank requires members to certify that each project funded under the CHP meets the respective targeting requirements of the CHP. Such certification shall include a description of how the project meets the requirements, and where appropriate, a statistical summary or list of incomes of the borrowers or rents for the project. For CHP-funded projects receiving funds from another targeted Federal economic development program that has income targeting requirements that are the same as, or more restrictive than, the targeting requirements of the applicable CHP, FHLBank shall permit the member to certify that compliance with the criteria of such Federal economic development program shall meet the requirements of the respective CHP.

Availability

Members should allow 48 hours for processing a complete CHP application. Provided an approved CHP application is on file, CHP advances may be requested until 4 p.m. CT.

What to Expect after Applying for CHP

- 1) The HCD department will review the proposed project to be funded with a CHP advance and, if necessary, request follow-up information or documentation.
- 2) Following approval of the CHP application, HCD staff will send the member a letter authorizing advances to be drawn on the approved CHP application based on the agreed upon conditions. FHLBank's Lending department will be notified that the member has an approved CHP-application on file. The approval is valid for one year.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CHP application and must indicate the advance request is for an approved CHP project.
- 4) Within 60 days upon drawing on an approved CHP-funded rental project, the member must provide a copy of the note(s) that documents that the proceeds of the advance have been used for the approved CHP project, if not supplied with the CHP rental application.
- 5) HCD will review the member's loan documentation to ensure it is consistent with the approved application, is consistent with program requirements, and is not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

EXHIBIT B

Community Development Program (CDP) Advances

The CDP is a special advance program authorized by the CICA regulations. The CDP is designed to increase members' involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. CDP provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve.

PROGRAM OBJECTIVE

To finance commercial, agricultural, economic development and community development initiatives.

COMMON USES

- Financing the construction, rehabilitation, purchase, or to refinance existing loans;
- Purchasing a participation interest, or providing financing to participate, in a loan consortium for CDP-eligible projects;
- Making loans to entities that, in turn, make loans for CDP-eligible projects;
- Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CDP program; and
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CDP program.

TERMS AND CONDITIONS

CDP Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Required Documents

A complete CDP application, including identified loans, must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application to ensure it is consistent with the identified loans, is consistent with program requirements, and does not include loans to individuals or entities listed on FHLBank's Suspended Counterparty List, all prior to project approval. Projects involving refinancing of previously CDP-funded loans(s) must be identified in a separate application. There will be no loan substitutions once an application is approved. The application review is not a competitive process or subject to limits on the amount of funding available. An application may be obtained from FHLBank's website.

When completing the application, members may request approval to fund qualified projects up to three months before the effective date of the CDP application or up to one year in advance of closing a CDP-qualified project. A CDP project may be a single loan or a pool of loans. Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development Programs.

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. The minimum amount of a CDP advance is \$10,000. Members may not apply for CDP advance funding for any loan secured property to be used for any marijuana-related business.

FHLBank shall not allow a member that is subject to a restriction on access to long-term advances (greater than one year) to participate in the CDP program. This restriction does not apply to CDP applications or funds approved before the date the restriction was imposed.

Advance Draws on Approved CDP Application

Members may request draws on an approved CDP application by contacting the Lending department. Multiple CDP advances may be drawn up to the total amount of approved CDP application amount. Members are not committed to taking the full amount of approved CDP application amount; however any unused CDP application amount shall expire 12 months from the date of the CDP application approval.

For those CDP-qualified projects where the member is providing both construction and permanent financing, the member may elect to draw on the approved CDP application during construction for the full term of the construction period and permanent loan rather than wait until completion of construction or taking two CDP advances. This allows the member to lock in its cost of funds for the permanent loan during the construction period.

Qualifying Criteria

CDP-qualified financing includes loans to small businesses, small farms, small agribusiness, public or private utilities, schools, medical and health facilities, churches, day care centers or for other community and economic development purposes that meet **one** of the following criteria:

- 1) Loans to firms that meet the U.S. Small Business Administrations' (SBA) definition of a qualified small business concern based on the Table of Small Business Size Standards located on the SBA website. To qualify, firms cannot exceed SBA's established general size standards as of the date of CDP application.

SBA defines a small business concern as one that is independently owned and operated, is organized for profit, is not dominant in its field on a national level, has a place of business in the U.S., and operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on averaged annual receipts over the past three years.

- 2) Financing for businesses or projects located in an **urban area** (as defined in the CICA regulations), i.e., a unit of local government with a population greater than 25,000, with a median income at or below 100 percent of area median. Median income information for CDP-eligible areas can be accessed by using the address locator available on the Federal Financial Institutions Examination Council (FFIEC) Geocoding System website.
- 3) Financing for businesses, farms, ranches, agribusinesses or projects located in a **rural area** (as defined in the CICA regulations) i.e., a unit of local government with a population less than or equal to 25,000, with a median income at or below 115 percent of the area median. Median income information for CDP-

eligible areas can be accessed by using the address locator available on the Federal Financial Institutions Examination Council (FFIEC) Geocoding System website.

- 4) Firms or projects located in a:
 - Federal Empowerment Zone, Enterprise Community or Champion Community
 - Native American Area
 - Brownfield Area
 - Federally Declared Disaster Area
 - USDA Drought Area
 - Community Adjustment and Investment Program (CAIP) Area (Information
- 5) Businesses in **urban areas** in which at least 51 percent of the permanent employees of the business earn at or below 100 percent of the area median income.
- 6) Businesses in **rural areas** in which at least 51 percent of the permanent employees of the business earn at or below 115 percent of the area median income.

Rate

CDP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CDP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CDP pricing cannot be approved for advances obtained by the member prior to approval of the CDP application.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed to the regular advance rate that was in effect at the time of the original funding. Members shall be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Principal and Interest

Normal principal and interest collection applies. For details, refer to the specific advance program.

Term

CDP advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee shall apply to CDP advances. For details, refer to the specific advance program.

Collateral

CDP advances must be fully collateralized on the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of the Member Products and Services Guide.

Documentation

FHLBank shall require members to certify that each project funded under a CDP program meets the respective targeting requirements of the CDP program. Such certification shall include a description of how the project meets the requirements, and where appropriate, salaries of jobs created or retained. For CDP -funded projects receiving funds from another targeted Federal economic development program that has income targeting

requirements that are the same as, or more restrictive than, the targeting requirements of the applicable CDP program, FHLBank shall permit the member to certify that compliance with the criteria of such Federal economic development program shall meet the requirements of the respective CDP program.

Availability

Members should allow 48 hours for processing a CDP application. Provided an approved CDP application is on file, CDP advances may be requested until 4 p.m. CT.

What to Expect After Applying for CDP

- 1) The HCD department shall review the proposed project to be funded with a CDP advance and, if necessary, request follow-up information or documentation.
- 2) Following approval of the CDP advance, HCD staff shall send the member a letter authorizing the advances to be drawn on the approved CDP application based on the agreed upon conditions. FHLBank's Lending department shall be notified that the member has an approved CDP application on file. The approval is valid for one year.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CDP application and must indicate the advance request is for an approved CDP project.
- 4) Within 60 days upon drawing on an approved CDP application, the member must provide a copy of the note(s) that documents the proceeds of the advance have been used for the CDP approved project, if not supplied with the CDP application.
- 5) HCD will review the member's loan documentation to ensure it is consistent with the approved application, is consistent with program requirements, and is not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

EXHIBIT C Definitions

Activity Targeted Beneficiaries—projects that qualify as small businesses.

AHP—Affordable Housing Program

Champion Community—a community which developed a strategic plan and applied for designation by either the Secretary of HUD or the Secretary of the USDA as an Empowerment Zone or Enterprise Community, but was designated a Champion Community.

Community Development Program (CDP)— provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve.

Community Housing Program (CHP)— provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance owner- and renter-occupied housing in their communities.

Community Investment Cash Advance (CICA) Program—means FHLBank's Affordable Housing Program (AHP), CHP and CDP.

Community Investment Program (CIP)—program to provide financing for housing projects and for eligible targeted community lending at the appropriate targeted income levels. CIP includes FHLBank's CHP and CDP.

Empowerment Zone—Empowerment Zones are designated by U.S. Department of Agriculture (USDA) and Housing and Urban Development (HUD) to revitalize distressed communities.

Enterprise Community—Enterprise Communities are designated by USDA and HUD to revitalize distressed communities.

Economic development projects means:

- (1) Commercial, industrial, manufacturing, social service, and public facility projects and activities; and
- (2) Public or private infrastructure projects, such as roads, utilities, and sewers.

Family—one or more persons living in the same dwelling unit.

Finance Agency (FHFA): The Federal Housing Finance Agency is the Federal Home Loan Bank System's regulator.

Geographically Defined Targeted Beneficiaries means:

- (1) A project located in a neighborhood with a median income at or below the targeted income level;
- (2) A project located in a rural Champion Community, or a rural Empowerment Zone or rural Enterprise Community, as designated by the Secretary of the USDA;
- (3) A project located in an urban Champion Community, or an urban Empowerment Zone or urban Enterprise Community, as designated by the Secretary of HUD;
- (4) A project located in an Indian area, as defined by the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 *et seq.*), Alaskan Native Village, or Native Hawaiian Home Land;
- (5) A project located in an area and involves a property eligible for a Brownfield Tax Credit;
- (6) A project located in an area affected by a military base closing and is a “community in the vicinity of the installation” as defined by the Department of Defense at 32 CFR Part 176;
- (7) A project located in a designated community under the Community Adjustment and Investment Program as defined under 22 U.S.C. 290m-2; or
- (8) A project located in a federally declared disaster area.

Housing projects—projects or activities that involve the purchase, construction, rehabilitation or refinancing (subject to § 1292.5(c)) of, or predevelopment financing for:

- (1) Individual owner-occupied housing units, each of which is purchased or owned by a family with an income at or below the targeted income level;
- (2) Projects involving multiple units of owner-occupied housing in which at least 51% of the units are owned or are intended to be purchased by families with incomes at or below the targeted income level;
- (3) Rental housing where at least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; or
- (4) Manufactured housing parks where:
 - (i) At least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; or
 - (ii) The project is located in a neighborhood with a median income at or below the targeted income level.

HUD—U. S. Department of Housing and Urban Development

Individual Targeted Beneficiaries means:

- (1) The annual salaries for at least 51% of the permanent full- and part-time jobs, computed on a full-time equivalent basis, created or retained by the project, other than construction jobs, are at or below the targeted income level; or
- (2) At least 51% of the families who otherwise benefit from (other than through employment), or are provided services by, the project have incomes at or below the targeted income level.

Median income for the area—

- (1) *Owner-occupied housing projects and economic development projects.* For purposes of owner-occupied housing projects and economic development projects, median income for the area means the applicable median family income:
 - as determined under 26 U.S.C. 143(f) (Mortgage Revenue Bonds) and published by a State agency or instrumentality; **OR**
 - the Federal Financial Institutions Examination Council (FFIEC) Geocoding system which is used to qualify CDP projects located in an area where the median area income is at or below the targeted median income.
- (2) *Rental housing projects.* For purposes of rental housing projects, median income for the area means the median income for the area, as published annually by HUD.

MSA —Metropolitan Statistical Area as designated by the Office of Management and Budget.

Neighborhood includes:

- (1) A Census tract or Block Numbering Area;
- (2) A unit of local government with a population of 25,000 or less;
- (3) A rural county; or
- (4) A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographic designation that is within the boundary of but does not encompass the entire area of a unit of general local government.

Provide financing means:

- (1) Originating loans;
- (2) Purchasing a participation interest, or providing financing to participate, in a loan consortium for CICA-eligible housing or economic development projects;
- (3) Making loans to entities that, in turn, make loans for CICA-eligible housing or economic development projects;
- (4) Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CICA program under which the member or housing associate borrower receives funding;
- (5) Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CICA program under which the member or housing associate borrower receives funding;
- (6) Originating CICA-eligible loans within 3 months prior to receiving the CICA funding; and
- (7) Purchasing low-income housing tax credits.

Rural area—a unit of general local government with a population of 25,000 or less.

Small business—a “small business concern,” as that term is defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration (SBA) under 13 CFR part 121, or any successor provisions.

Targeted community lending—providing financing for economic development projects for targeted beneficiaries.

Targeted income level includes:

- (1) For rural areas, incomes at or below 115 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard;
- (2) For urban areas, incomes at or below 100 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard;
- (3) For advances provided under CIP:
 - (i) For economic development projects, incomes at or below 80 percent of the median income for the area;
 - (ii) For housing projects, incomes at or below 115 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard.

Urban area—a unit of general local government with a population greater than 25,000.

USDA—the U. S. Department of Agriculture.