



# Community Support Program and Targeted Community Lending Plan

December 18, 2020

Effective January 1, 2021

## Policy Information

Document Title:	<b>Community Support Program and Targeted Community Lending Plan</b>
Content Owner:	<b>Director of Housing and Community Development (HCD)</b>
Certification of Compliance Contact:	<b>N/A</b>
Policy Category:	<b>FHLBank Policy</b>
FHLBank-Level Approver:	<b>President and Chief Executive Officer (CEO)</b>
Board-Level Approver:	<b>Full Board (Housing &amp; Governance)</b>
Review Frequency:	<b>Annually</b>
Initial Effective Date:	<b>1/1/2021</b>
Last CEO Approval Date:	<b>11/29/2020</b>
Next Review Date:	<b>12/2021</b>

### **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.

### **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 (the 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.

### **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.

### **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)
  - (c) Awards, technical assistance and other outreach, including partnerships with federal, state and local housing and community development organizations.
  - (d) The Affordable Housing Program (AHP) including Homeownership Set-aside Program (HSP) is a CICA program. The framework and guidance for the AHP and HSP are in the AHP Implementation Plan (IP), which is available on FHLBank's website.
- (2) Affordable Housing Advisory Council (Advisory Council). Per 12 C.F.R. §1291.14, the board shall appoint an Advisory Council of 7 to 15 members. These members shall reside in the District and shall be drawn from community for-profit and not-for-profit organizations that are actively involved in providing or promoting low- and moderate-income housing and community lending in the District.

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:

- (a) Advice on the low- and moderate-income housing and community lending programs and needs in the District, and on the use of AHP subsidies, FHLBank advances, and other FHLBank credit products for these purposes.
- (b) Prior to its adoption, the Advisory Council shall review the Plan and any subsequent amendments thereto, and provide its recommendations to the HGC.

### **Definitions**

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

## Policy

- I. Market Research.** FHLBank conducts market research using both primary and secondary sources. Primary sources include consultation with members and economic development organizations within the 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 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.

Data on District housing needs is included in Exhibit A to this Plan.

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 lending 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 District. The AHP, CDP and CHP are designed to meet these identified needs. Non-targeted community lending needs in the District are funded with FHLBank advances.

- II. 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 at <http://www.fhlbtopeka.com>.

Technical assistance videos may also be accessed on YouTube by searching for FHLBank Topeka and the topic. For example: "FHLBank Topeka HSP".

- III. 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.

- A. Community Leader Award.** Each year, FHLBank Topeka recognizes a member institution that best uses FHLBank products and services to provide outstanding leadership and vision within the communities it serves. FHLBank produces a video about the chosen member. The member is honored at the April Annual Management Conference, where the video is debuted over lunch. During the ceremony, the CLA winner is presented with a crystal award and a \$5,000 check to the nonprofit organization(s) of the member's choice.

Videos produced for members receiving the Community Leader Award are available on YouTube by searching for "FHLBank Topeka Community Leader Award".

- B. **#500forGood.** For the past three years, FHLBank Topeka presented members with a \$500 question – “How would members use \$500 to help their communities?” Previously, we awarded two \$500 checks to members in each state. In 2020, we expanded the pool of funding to meet the greater community need during the pandemic and will award 16 \$500 checks across the district. We plan to continue the program in 2021

Short videos produced for #500forGood recipients are available on YouTube by searching for “FHLBank Topeka #500forGood”.

**IV. Quantitative Targeted Community Lending Performance Goals.** Identified below are FHLBank’s quantitative targeted community lending performance goals for 2021:

- Maintain CHP/CDP advance balances between 1.0 and 2.0 percent of FHLBank’s total assets;
- Approve 85 or more CHP/CDP applications;
- Approve CHP/CDP applications from more than 40 members.

**V. FHLBank Current Programs.** Identified below is a list of specific CICA Programs included in the Plan.

- A. **Affordable Housing Program.** The AHP, including the HSP, is set forth in FHLBank’s AHP IP.
- B. **Community Housing Program and Community Development Program.** 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 B 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 C for program information.

**VI. 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 District, that may provide the same such opportunities.
- B. **Community Support Requirement Notice.** Community Support Statements (CSS) must be submitted by FHLBank members to the FHFA biennially. FHFA has identified odd-numbered years as those in which the CSS will be completed. The CSS process will occur in 2021.

If the FHFA determines a member’s submitted CSS is 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 the FHFA to long-term advances is not eligible to participate in FHLBank’s AHP or HSP or in other FHLBank CICA programs. The restriction does not apply to AHP, HSP or other CICA applications or funding approved before the date the restriction is imposed.

**VII. 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 lesbian, gay, bisexual, transgender and queer (LGBTQ) community, and minority-, women-, disabled-, and LGBTQ-owned businesses in FHLBank’s business activities, including management, employment and contracting.

**Policy Review**

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, submitted to the Advisory Council for review and its recommendations and then submitted for review and approval by the HGC and the board.

**Exhibits**

- Exhibit A: Affordable Housing Needs, Community Lending (including CHP and CDP), and Quantitative Targeted Community Lending Performance Goal Attainment
- Exhibit B: Community Housing Program Advances
- Exhibit C: Community Development Program Advances
- Exhibit D: Definitions

**EXHIBIT A**

**Affordable Housing Needs, Community Lending (including CHP and CDP), and Quantitative Targeted Community Lending Performance Goal Attainment**

FHLBank’s AHAC has identified and reported the most pressing affordable housing needs in each member’s area and what steps are, or should be, taken by FHLBank through its AHP to address the identified needs. These housing needs are:

- **Cost Burdened Households** – Households are considered cost burdened when more than 30 percent of household earnings are spent on housing cost. In FHLBank’s District nearly 700,000 owner-occupied households and more than 830,000 renter households experience housing cost burdens.
- **Homeownership Affordability** – Data from Homeownership Set-aside Program (HSP) participating households shows the ratio of average house price to average household income increased from 1.97 to 2.33 over the past 10 years. Average house prices are increasing more rapidly than average household income.
- **Owner-occupied Rehabilitation** – AHAC noted Census Bureau data showing, in FHLBank’s District, more than 19,000 housing units lack complete plumbing and more than 48,000 units lack a complete kitchen.
- **Homelessness** – AHAC discussed the Annual Homeless Assessment Report to Congress from the U.S. Department of Housing and Urban Development. The report provides point in time estimates of homeless persons on a single night. In FHLBank’s District more than 19,000 persons are homeless on a single night. A multiple of that number of persons experience homelessness over the course of a year.

**Cost-burdened Homeowners and Tenants**

Housing cost burdens for both owner-occupied and renter households exist when monthly housing costs exceed 30 percent of monthly income. The percentage of cost-burdened households in Colorado exceeds the national rate. Cost-burden rates in Kansas, Nebraska, and Oklahoma are lower than the national rate, with Nebraska having the lowest cost-burden rate in the district. Renter household cost burden rate is more than double the owner-occupied rate, both in each District state and nationally. Migrating tenants from rental housing to owner-occupied housing may ease cost burdens depending on market conditions.

**Table 1: 2017 Cost-Burden Rates for Renters and Owners**

	Number of Households (Thousands)						Share of All Households (Percent)					
	Owners			Renters			Owners			Renters		
	Moderately Burdened	Severely Burdened	Total Burdened	Moderately Burdened	Severely Burdened	Total Burdened	Moderately Burdened	Severely Burdened	Total Burdened	Moderately Burdened	Severely Burdened	Total Burdened
<b>United States</b>	<b>9,837.1</b>	<b>7,469.3</b>	<b>17,306.3</b>	<b>9,719.5</b>	<b>10,780.3</b>	<b>20,499.8</b>	<b>12.8</b>	<b>9.7</b>	<b>22.5</b>	<b>22.5</b>	<b>24.9</b>	<b>47.4</b>
Colorado	183.4	131.2	314.5	188.1	179.2	367.3	13.1	9.4	22.5	25.4	24.2	49.7
Kansas	70.7	51.7	122.5	81.8	78.5	160.3	9.5	6.9	16.4	21.3	20.5	41.8
Nebraska	53.2	31.9	85.1	51.5	46.0	97.4	10.7	6.4	17.1	20.1	17.9	38.0
Oklahoma	102.7	73.4	176.1	101.7	103.6	205.3	10.7	7.6	18.3	19.9	20.3	40.2
FHLBank District	409.9	288.3	698.2	423.0	407.4	830.3						

Notes: Moderate (severe) burdens are defined as housing costs of more than 30% and up to 50% (more than 50%) of household income. Households with zero or negative income are assumed to be severely burdened, while renters paying no cash rent are assumed to be unburdened. Numbers might not sum to total due to rounding.

Sources: JCHS tabulation of US Census Bureau, 2017 American Community Survey 1-Year Estimates.

Housing cost burden rates are greatest for households earning less than \$15,000 annually and decrease as household incomes rise. The rate of cost-burdened households in Colorado exceeds the national rate. Looking at median

household income by state, the housing cost-to-income ratio in Colorado exceeds the national rate, while the rates in Kansas, Nebraska, and Oklahoma are below the national rate. The lowest housing cost-to-income ratio in the District is in Oklahoma.

**Table 2: 2017 Cost-Burden Rates by Household Income**

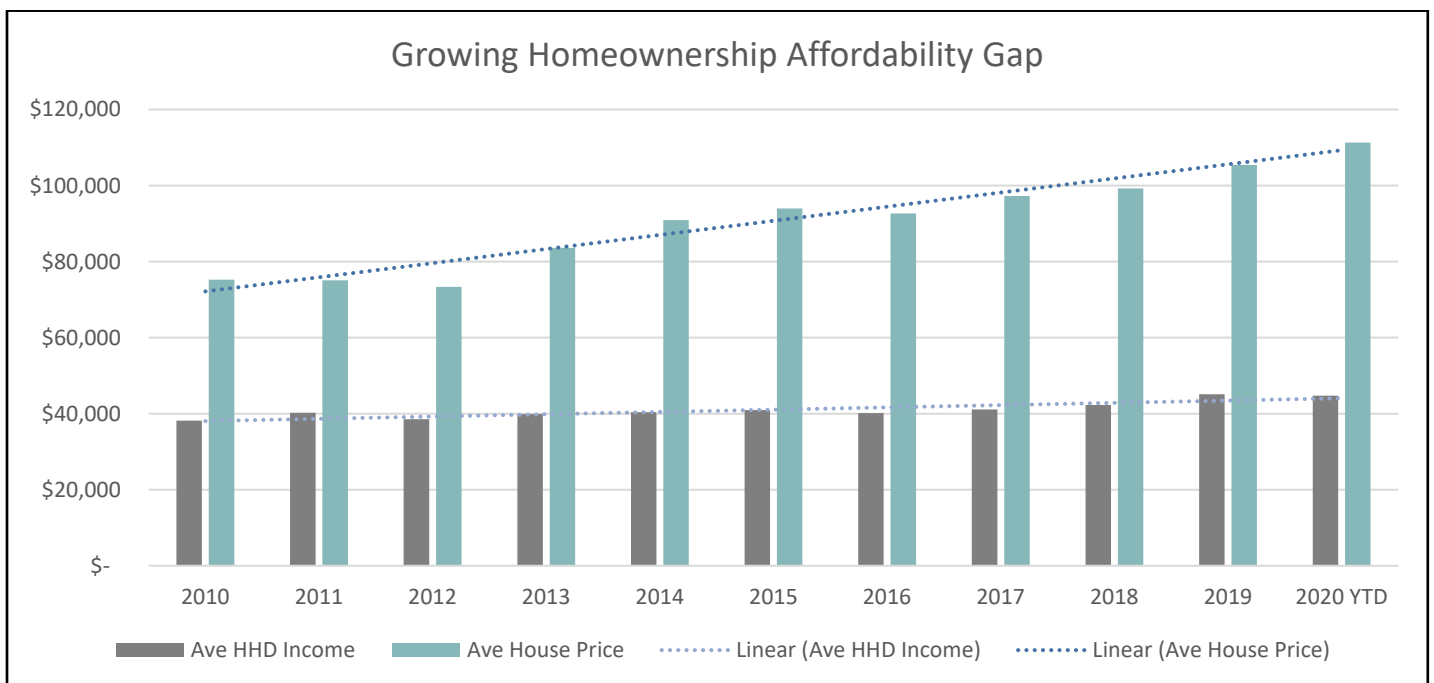
State	Share of Households with Cost Burdens (Percent)									Median for All Income Groups		
	Under \$15,000	\$15,000–29,999	\$30,000–44,999	\$45,000–74,999	\$75,000 and Over	All Incomes				Dollars		Ratio
	Total Burdened	Total Burdened	Total Burdened	Total Burdened	Total Burdened	Not Burdened	Moderately Burdened	Severely Burdened	Total Burdened	Monthly Housing Costs	Household Income	Cost-to-Income Ratio
United States	83.1	65.0	43.8	22.6	6.3	68.5	16.3	15.2	31.5	1,045	60,000	21.2
Colorado	85.1	71.8	56.3	31.3	6.1	68.1	17.4	14.5	31.9	1,300	68,600	21.7
Kansas	84.4	58.3	32.6	9.7	2.3	75.0	13.5	11.5	25.0	860	56,000	19.0
Nebraska	85.9	59.1	32.9	10.9	2.1	75.8	13.9	10.3	24.2	900	59,000	18.9
Oklahoma	76.4	52.3	27.3	8.9	2.4	74.1	13.9	12.0	25.9	766	49,200	18.6

Notes: Moderate (severe) burdens are defined as housing costs of more than 30% and up to 50% (more than 50%) of household income. Households with zero or negative income are assumed to be severely burdened, while renters paying no cash rent are assumed to be unburdened. Numbers might not sum to total due to rounding.

Sources: JCHS tabulation of US Census Bureau, 2017 American Community Survey 1-Year Estimates.

### Homeownership Affordability

The homeownership affordability gap continues to increase in FHLBank’s District. Using data from FHLBank’s Homeownership Set-aside Program, the growing gap is demonstrated by contrasting an 11-year average household income growth of \$6,583 with the increase of \$36,078 in the average house price. The ratio of average house price to average household income has increased from 1.97 to 2.49 over the past 11 years. Data for 2020 year to date includes the January to June 2020 time period. The decrease in average household income of \$355 from 2019 to 2020 YTD may be attributable to decreased household income due to the COVID-19 pandemic.



**Housing Conditions in FHLBank’s District**

The AHAC has previously discussed owner-occupied rehabilitation as a District housing need. To quantify the need, the U.S. Census Bureau, American Community Survey 5-Year Estimates tables were accessed for each District state. The results are compiled in Table 4. Vacant housing units include both owner-occupied and rental units. Units are vacant for a variety of reasons, including vacant for sale, temporary (vacation) occupancy, etc. Units needing rehabilitation to be habitable and affordable are included in the total.

State	Housing Units	Lacking complete plumbing		Lacking complete kitchen		Vacancy	
		Units	Percent	Units	Percent	Units	Percent
Colorado	2,319,737	6,650	0.3%	15,972	0.7%	237,206	10.2%
Kansas	1,259,647	4,470	0.4%	11,566	0.9%	137,704	10.9%
Nebraska	824,176	2,339	0.3%	8,014	1.0%	75,771	9.2%
Oklahoma	1,712,841	5,543	0.3%	12,465	0.7%	243,870	14.2%
FHLBank	6,116,401	19,002	0.3%	48,017	0.8%	694,551	11.4%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

**Homelessness**

Homelessness continues to be a concern of the AHAC and in communities across the District. The homeless population in FHLBank’s District is four percent of the nation’s homeless population, with the majority of homeless persons in Colorado.

	Colorado	Kansas	Nebraska	Oklahoma	10th FHLBank District
Total Homeless Population	10,857	2,216	2,421	3,871	19,365
Total Family Households Experiencing Homelessness	990	217	236	327	1,770
Veterans Experiencing Homelessness	1,073	195	171	313	1,752
Persons Experiencing Chronic Homelessness	2,738	300	455	908	4,401
Unaccompanied Young Adults (Aged 18-24) Experiencing Homelessness	593	133	157	313	1,196
Total Homeless Population as a Percentage of 10th FHLBank District	56%	11%	13%	20%	
Total Homeless Population as a Percentage of United States	2%	0%	0%	1%	4%

Data Source: 2018 Annual Homeless Assessment Report (AHAR) to Congress, The U.S. Department of Housing and Urban Development, Office of Community Planning and Development, December 2018.

State	2007				2017				2018			
	Homeless Population	Homeless Population per 10,000 Residents	Sheltered Homeless Population	Unsheltered Homeless Population	Homeless Population	Homeless Population per 10,000 Residents	Sheltered Homeless Population	Unsheltered Homeless Population	Homeless Population	Homeless Population per 10,000 Residents	Sheltered Homeless Population	Unsheltered Homeless Population
United States	647,258	21.5	391,401	255,857	550,996	16.9	360,867	190,129	552,830	16.9	358,363	194,467
Colorado	14,225	29.6	6,971	7,254	10,940	19.5	7,081	3,859	10,857	19.1	6,528	4,329
Kansas	2,111	7.6	1,829	282	2,287	7.9	1,942	345	2,216	7.6	1,859	357
Nebraska	3,531	19.8	3,007	524	2,501	13.0	2,381	120	2,421	12.5	2,277	144
Oklahoma	4,221	11.6	3,089	1,132	4,199	10.7	3,084	1,115	3,871	9.8	2,680	1,191
FHLBank District	24,088		14,896	9,192	19,927		14,488	5,439	19,365		13,344	6,021

Notes: Rate per 10,000 residents created using state/national population estimates from the US Census Bureau Population Estimates Program. National total is greater than sum of states and territories shown because Guam, the U.S. Virgin Islands, and the Northern Mariana Islands are excluded from this table. Source: JCHS tabulations of US Department of Housing and Urban Development, 2018 Annual Homeless Assessment Report, Point-in-Time Estimates of Homelessness.



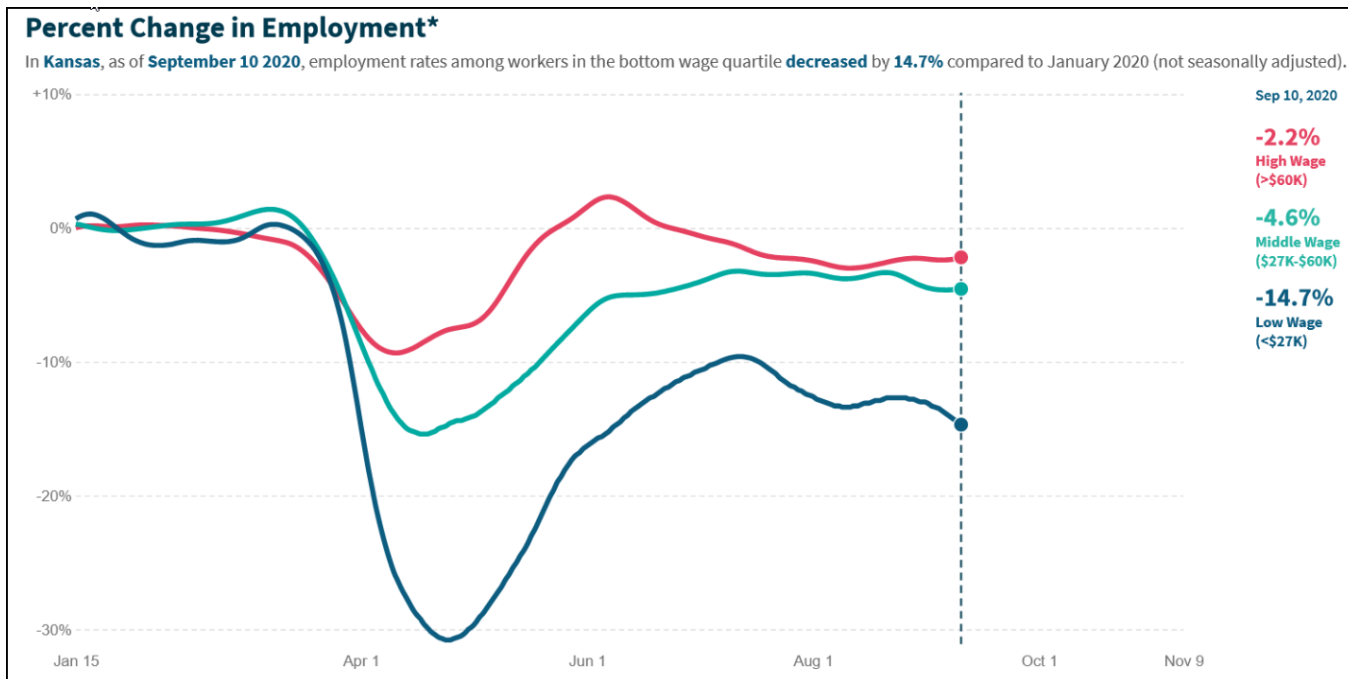
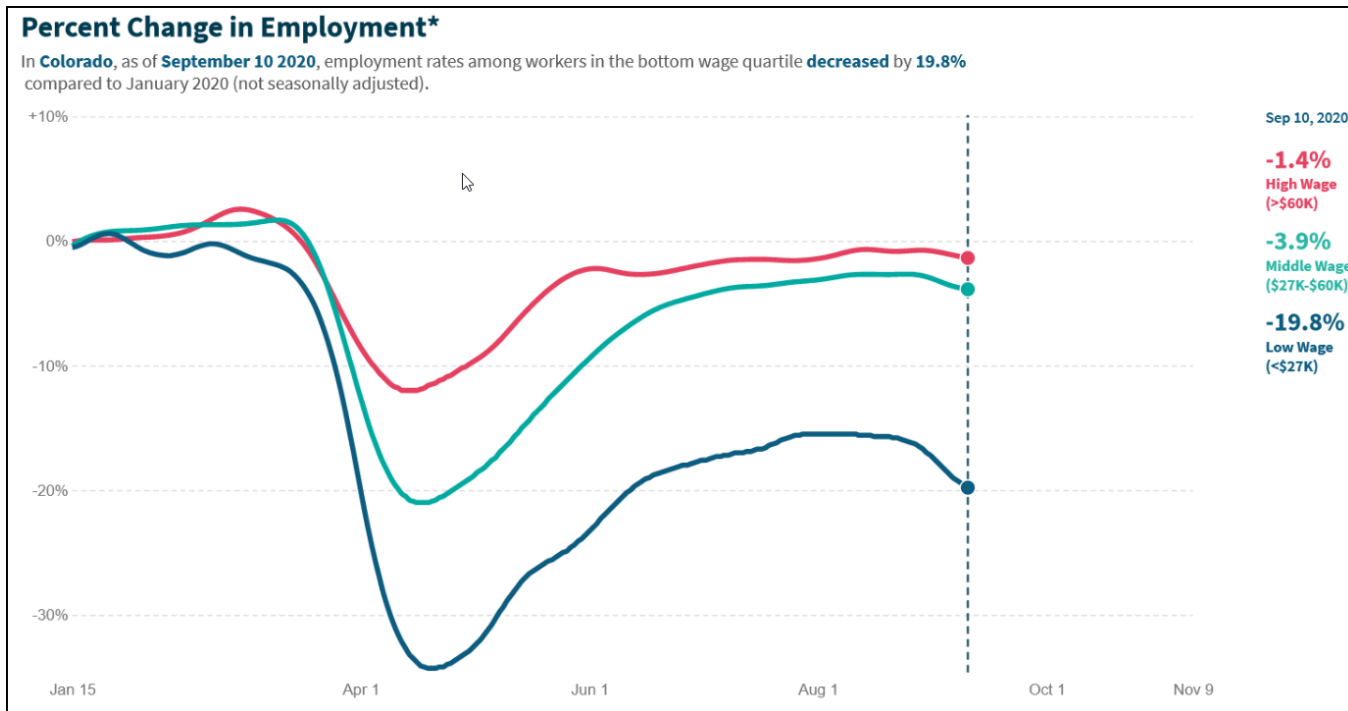
**AHP Scoring Criteria**

Scoring for applications under the AHP General Fund in 2021 consists of required and optional categories. A total of 100 points shall be allocated to the scoring criteria selected by FHLBank. The required scoring criteria and minimum point allocations are: Donated Property (5 points), Sponsorship by Not-for-Profit or Governmental Entity (5 points), and Income Targeting (20 points). FHLBank management has proposed scoring criteria under the Home Purchase by Low- or Moderate-income Households, Underserved Communities and Populations, Creating Economic Opportunity, Community Stability, and FHLBank Priorities categories to address identified housing needs as shown in the following chart.

2021 AHP Non-required Scoring Criteria and Related Housing Needs		
Scoring Category and Scoring Selections	Points	Housing Need Addressed
<b>Home Purchase by Low- or Moderate-Income Households</b>	5 points (fixed)	Down payment and closing cost assistance to address homeownership affordability
<b>Underserved Communities and Populations</b>	15 points (variable) each selection limited to 5 points	
Homeless Households		Homelessness
Special Needs		AHAC has expressed a need for more senior housing.
Other – Large Units		AHAC has expressed a need for additional large unit development.
Rental Housing for Extremely Low-income Households		Households with the lowest incomes and the greatest cost burden
<b>Creating Economic Opportunity</b>	10 points (variable) each selection limited to 5 points	
Homebuyer or Tenant Counseling		Cost burden and homeownership affordability
Financial Education		Cost burden and homeownership affordability
Sweat Equity		Homeownership affordability
<b>Community Stability</b>	10 points (variable) each selection is limited to 5 points	
Preservation of Affordable Housing		Owner-occupied rehabilitation
Adaptive Reuse		
<b>FHLBank Priorities</b>	30 points (variable) each selection is limited to 5 points	
AHP Subsidy Per Unit		Maximizing the number of units created
Member Financial Participation		
Federally Declared Disaster Area		
Low Cost Development Per Unit		Maximizing the number of units created
Residential Economic Diversity		
Overnight Homeless Shelters		Homelessness
In District		
	70 points	
Refer to 2021 AHP Implementation Plan Exhibit C: Scoring Criteria and Exhibit E: Definitions for details.		

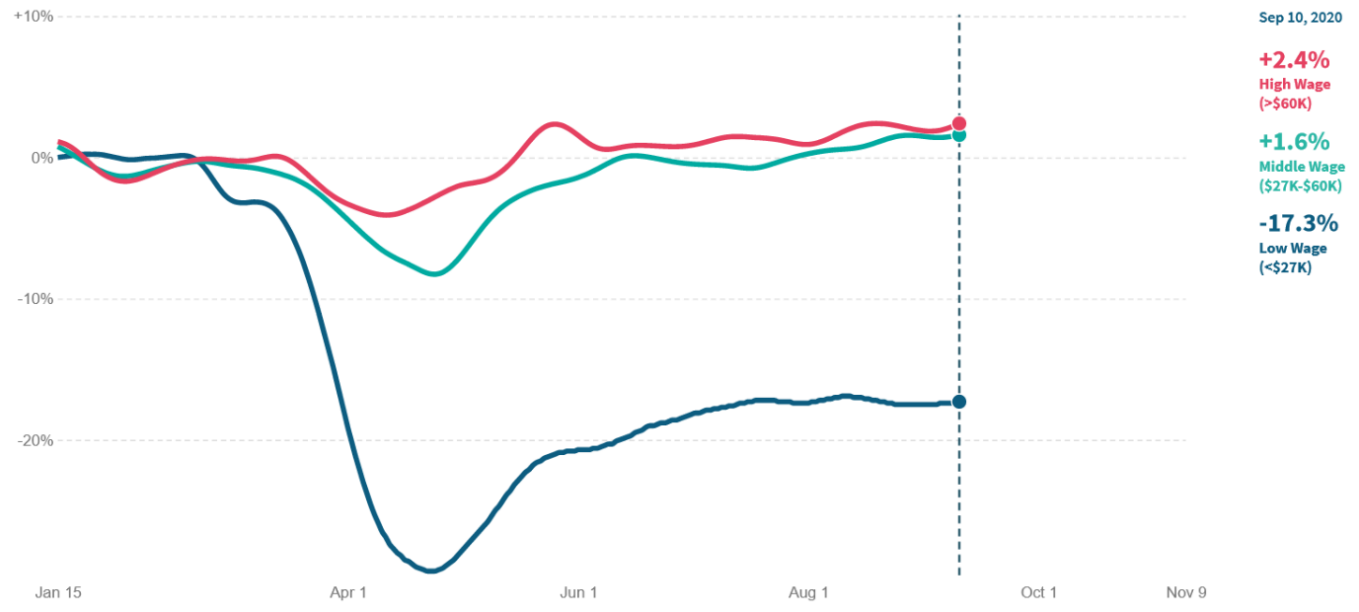
**COVID-19 Pandemic Affect on FHLBank District**

The response to the COVID-19 pandemic has affected low-wage jobs more than middle- or high-wage jobs. Employment at all levels of earnings experienced job losses when stay-at-home orders were issued, but only high- and middle-wage employment levels have recovered to near pre-pandemic levels. The following graphs are publicly available from the Opportunity Insights Economic Tracker at [tracktherecovery.org](http://tracktherecovery.org). In all district states, employment in low-wage jobs has not returned to pre-pandemic levels.



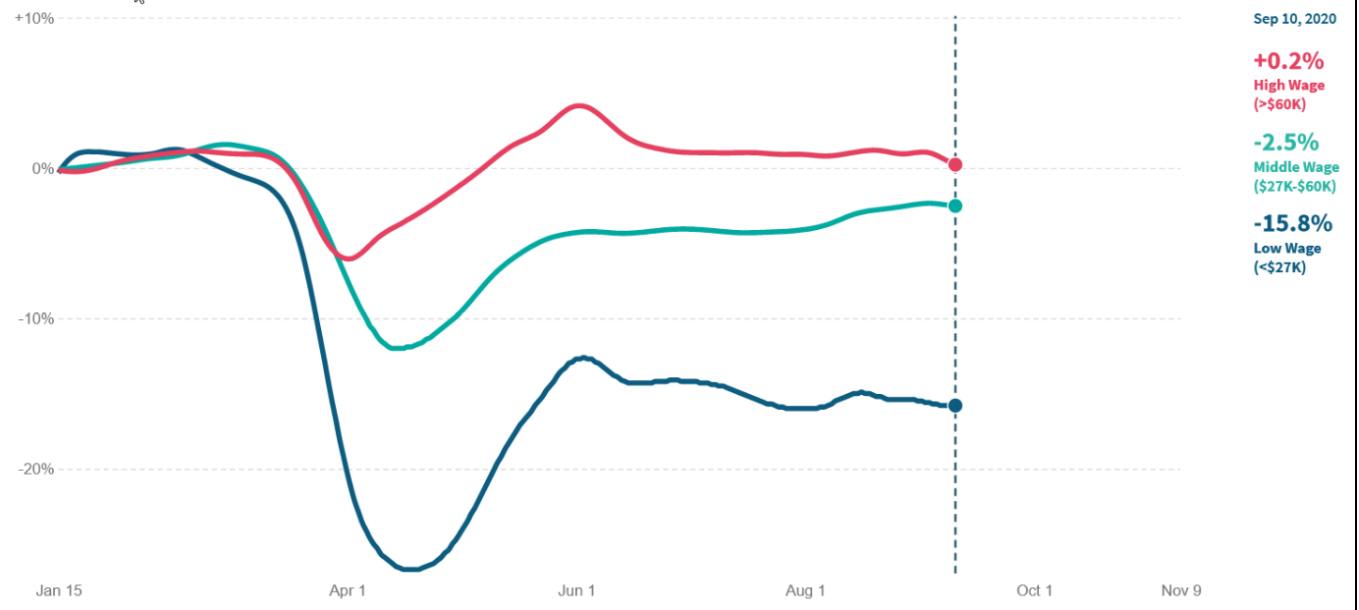
### Percent Change in Employment\*

In **Nebraska**, as of **September 10 2020**, employment rates among workers in the bottom wage quartile **decreased by 17.3%** compared to January 2020 (not seasonally adjusted).



### Percent Change in Employment\*

In **Oklahoma**, as of **September 10 2020**, employment rates among workers in the bottom wage quartile **decreased by 15.8%** compared to January 2020 (not seasonally adjusted).



\* Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earning from Earnin, and timesheet data from Kronos. Source: [tracktherecovery.org](http://tracktherecovery.org)

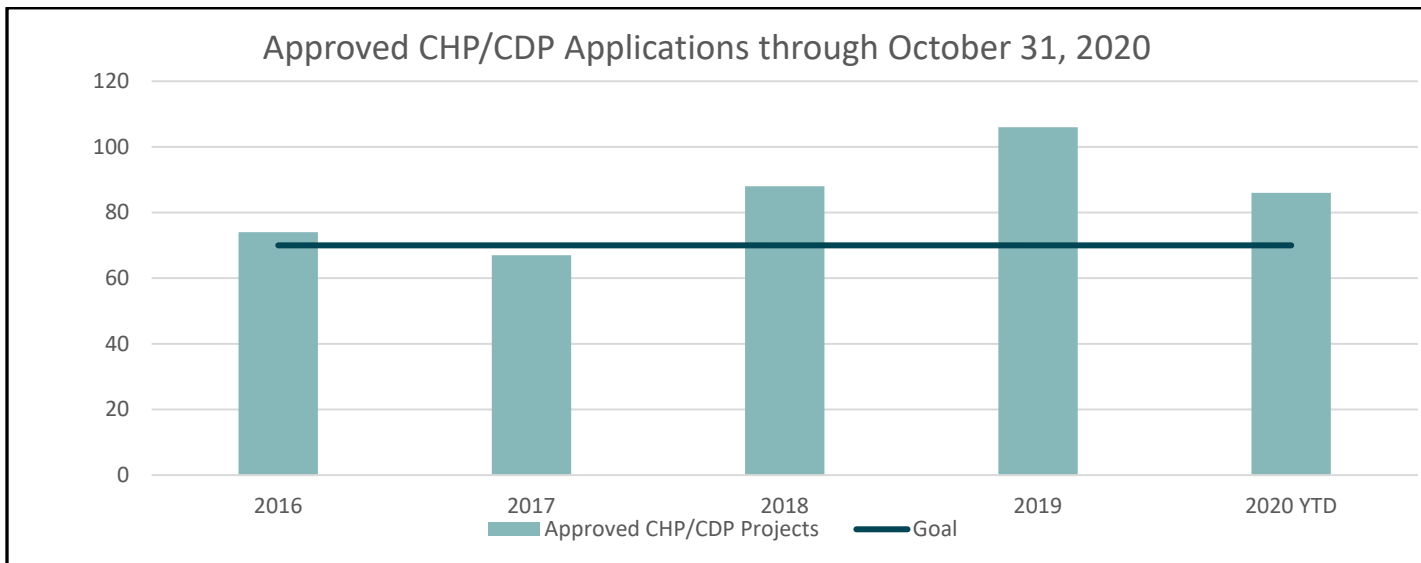
During the October 2020 meeting, FHLBank’s AHAC identified how the COVID-19 pandemic has impacted affordable housing in the District:

- Families participating in self-help projects are social distancing, making construction difficult;
- Habitat for Humanity is offering payment suspension and other types of mortgage payment relief;
- A significant amount of CARES Act funds are utilized for rental assistance for low-income households;
- Some private landlords have ignored the Centers for Disease Control moratorium on evictions;
- Banks are adding missed mortgage payments to the end of the loan, but smaller online lenders are proceeding with foreclosure;
- Rental assistance is helping households and projects, but the tenant portion of rent is often delinquent;
- Projects are not seeing forbearance on the part of tax credit syndicators and investors;
- Homeless shelters have imposed social distancing requirements, causing displacement of homeless persons;
- Some rental projects have suspended provision of services;
- Construction costs remain high when framing crews and trades are available;
- Rehabilitation projects do not require as much material as new construction;
- Rehabilitation projects are proceeding while new construction is experiencing delays;
- The change to working from home has created a migration from crowded urban areas to suburban and rural areas with broadband access and natural amenities;
- Cash buyers have been moving into the District from urban centers and are crowding out local buyers for homes.

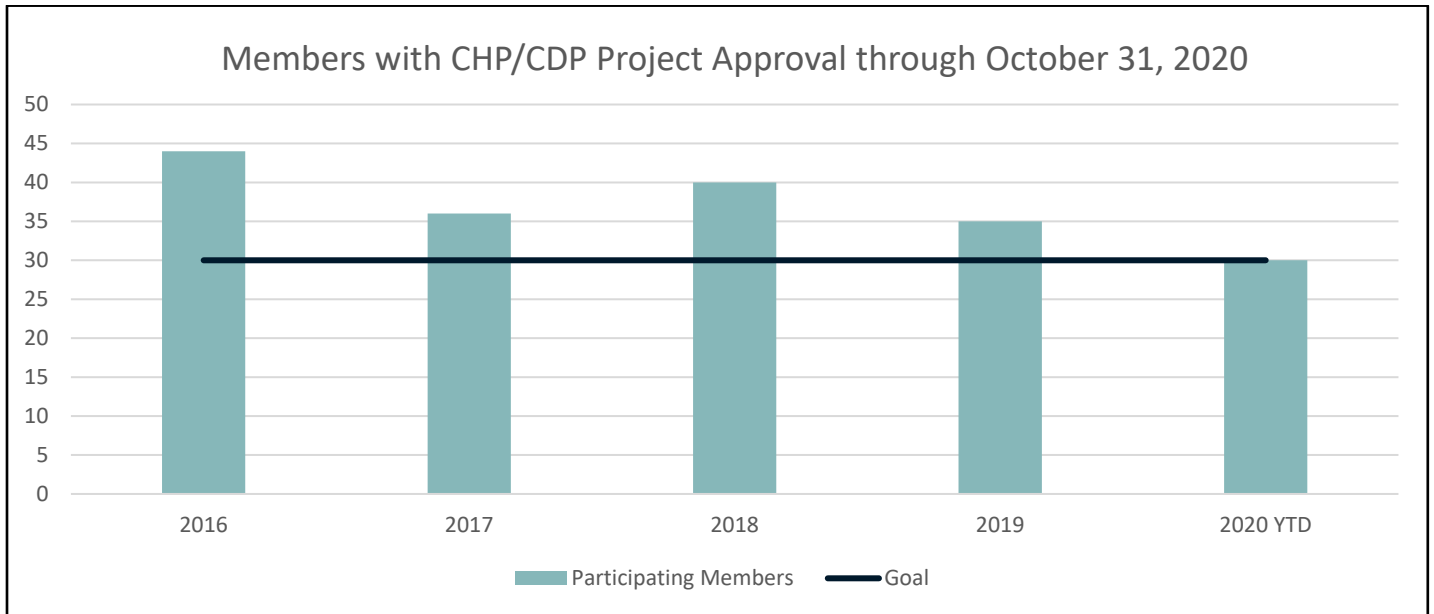
**Quantitative Targeted Community Lending Performance Goal Attainment**

One of FHLBank’s credit products utilized by members to fund economic development projects are discounted advances through the Community Housing Program (CHP) and Community Development Program (CDP). The charts on the following page are used to report attainment of the Quantitative Targeted Community Lending Performance Goals included in the 2020 Plan.

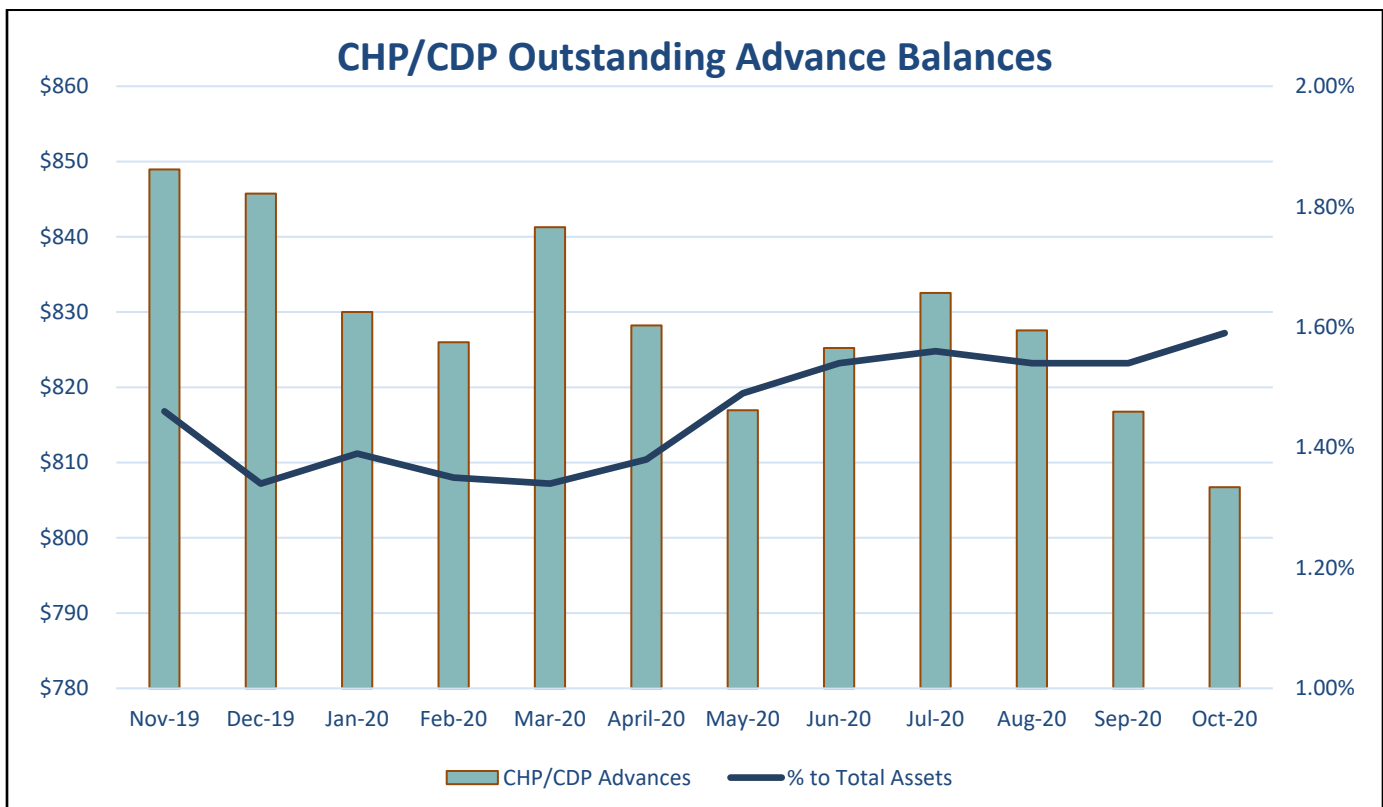
Approved CHP/CDP applications through October 31 have exceeded the goal established for 2020. Members continue to prefer match-funding individual projects to bundling projects in loan pools. This has led to an increase in approved applications, even with reduced economic activity beginning in mid-March due to pandemic restrictions.



The number of FHLBank members participating in the CHP/CDP through October 31 has reached the established goal. Past participants are returning to the program to lock in low interest rates for projects in the communities they serve.

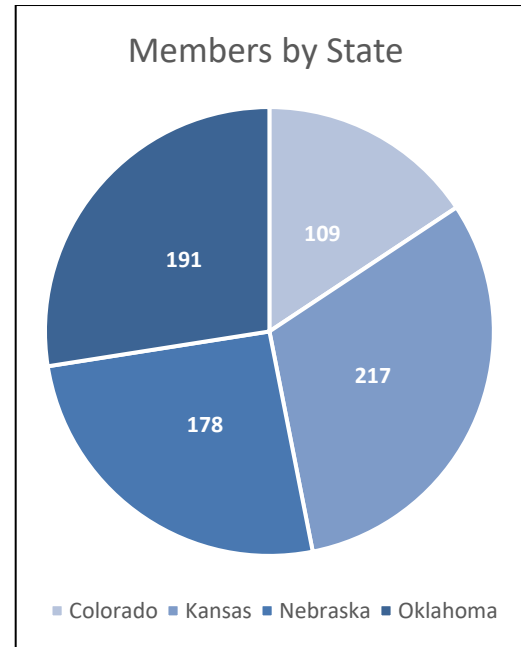
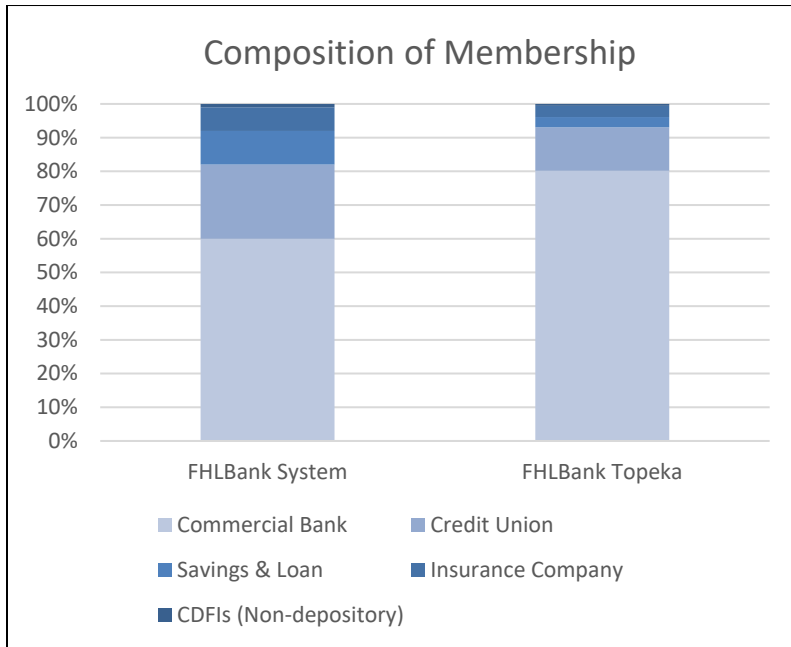


The outstanding balance of CHP/CDP advances continues to decrease as advance repayments exceed new advances taken. Outstanding CHP/CDP advances are more than \$42 million less than one year ago. Even though CHP/CDP advances are decreasing, with the recent decrease in FHLBank’s total advance portfolio, CHP/CDP advances have increased to nearly 1.6 percent of Total Assets. The bump in CHP/CDP advance balances following the beginning of the pandemic was short-lived.

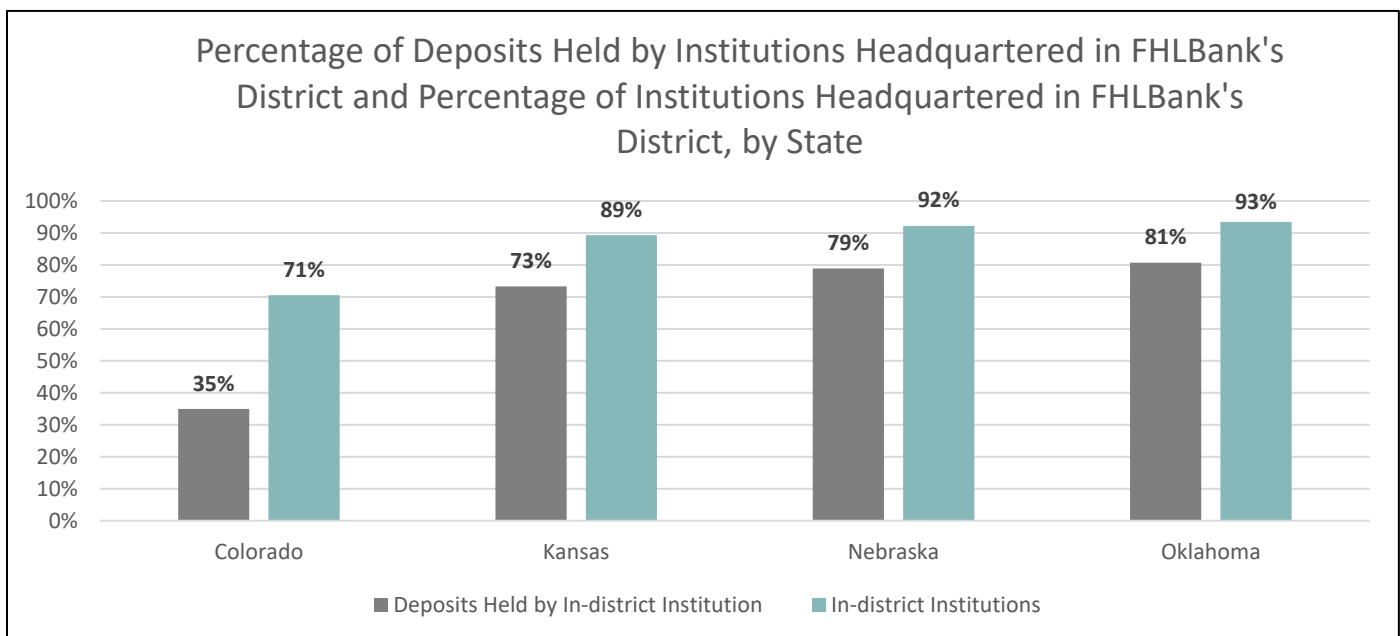


### Characteristics of FHLBank Topeka Members

FHLBank’s members are predominately community banks. For the Federal Home Loan Bank system, banks represent 60 percent of members; however, for FHLBank, more than 80 percent of members are banks. A comparison of membership by entity type is shown in the chart on the lower left. Location of FHLBank’s members by state is shown in the graph on the lower right.



The prevalence of community financial institutions in FHLBank’s District is noted in data from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report. FDIC-insured institutions domiciled in one of FHLBank’s District states are between 89 to 93 percent of the financial institutions in Kansas, Nebraska and Oklahoma. These institutions hold between 73 to 81 percent of the FDIC-insured deposits in the state. Colorado is an outlier with only 71 percent of the FDIC-insured financial institutions in the state headquartered in one of FHLBank’s District states holding only 35 percent of the FDIC-insured deposits.



**Small Businesses in FHLBank Topeka’s District**

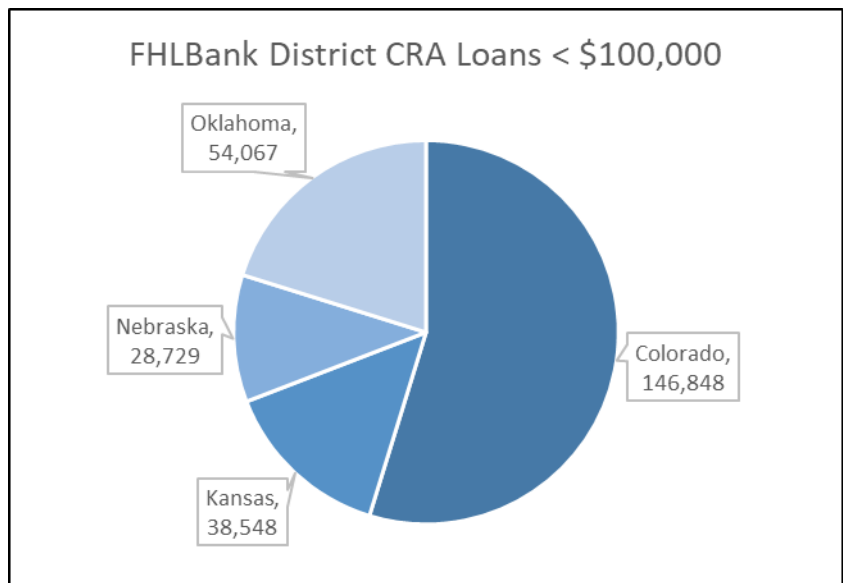
Small Business Administration (SBA) data shows the prevalence of small businesses in each FHLBank District state. Nearly 1.5 million small businesses employ more than 2.8 million people in the District. Small business employees are 49.9 percent of employed persons in FHLBank’s District, higher than the national figure of 47.1 percent.

**Table 6: Small Businesses in FHLBank’s District**

State	Small Businesses	Percent of Businesses in State	Small Business Employees	Percent of State Employees	Median income for self-employed persons at their own incorporated business	Median income for self-employed persons at their own unincorporated business
Colorado	653,639	99.5%	1,100,000	48.1%	\$51,821	\$29,928
Kansas	256,950	99.1%	605,147	50.5%	\$51,889	\$26,060
Nebraska	179,509	99.1%	412,587	49.5%	\$43,040	\$27,440
Oklahoma	358,647	99.4%	710,271	52.5%	\$46,916	\$24,988
District	1,448,745	99.4%	2,828,005	49.9%		
National	31,700,000	99.9%	60,600,000	47.1%	\$51,816	\$26,084

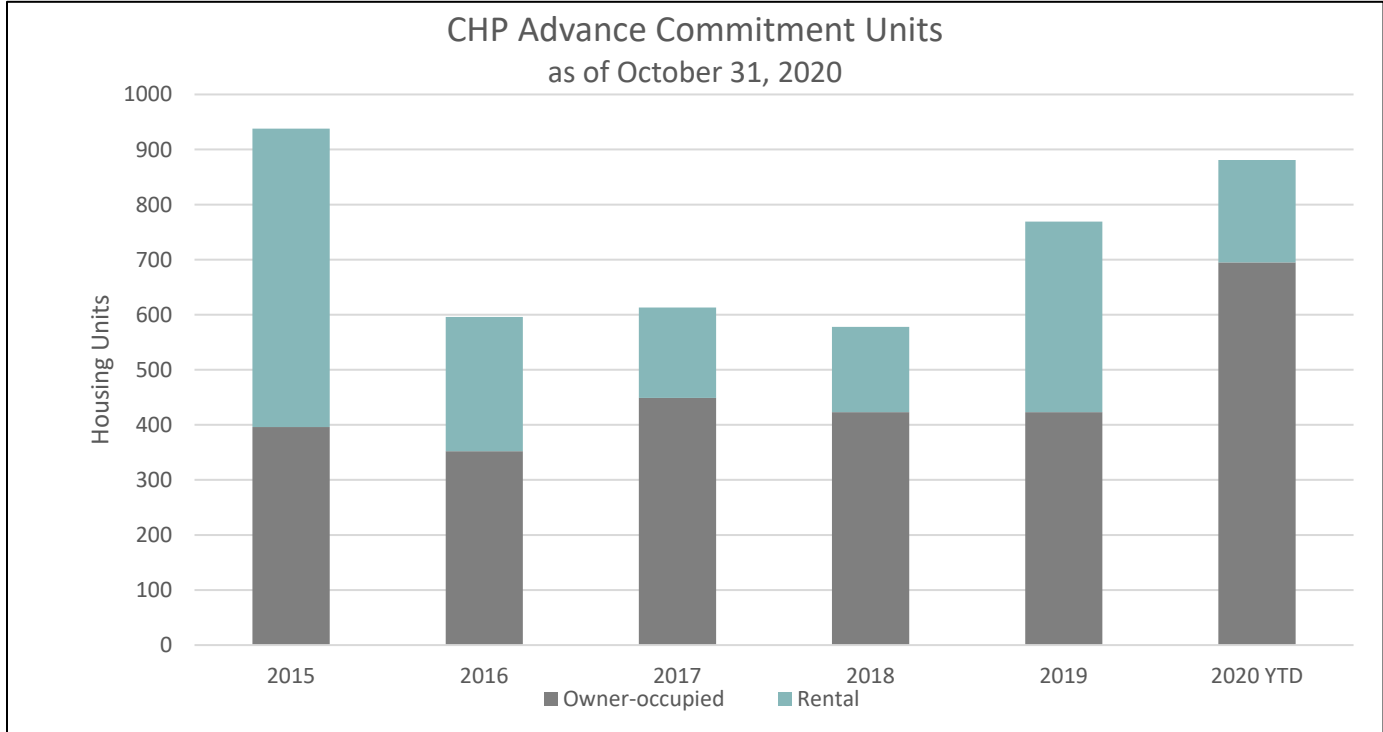
Median incomes for self-employed persons are similar to the national median. For both incorporated and unincorporated businesses, the national median income is in the middle of the range for the states in FHLBank’s District.

The small business loan market can be approximated using data for institutions reporting under the Community Reinvestment Act. The number of small business loans originated in district states for less than \$100,000 is shown in the chart below. In 2018, more than 268 thousand of these loans were originated in FHLBank’s District, which is 4.1 percent of the national total. These loans totaled more than \$4 billion and represented 4.2 percent of the national volume.



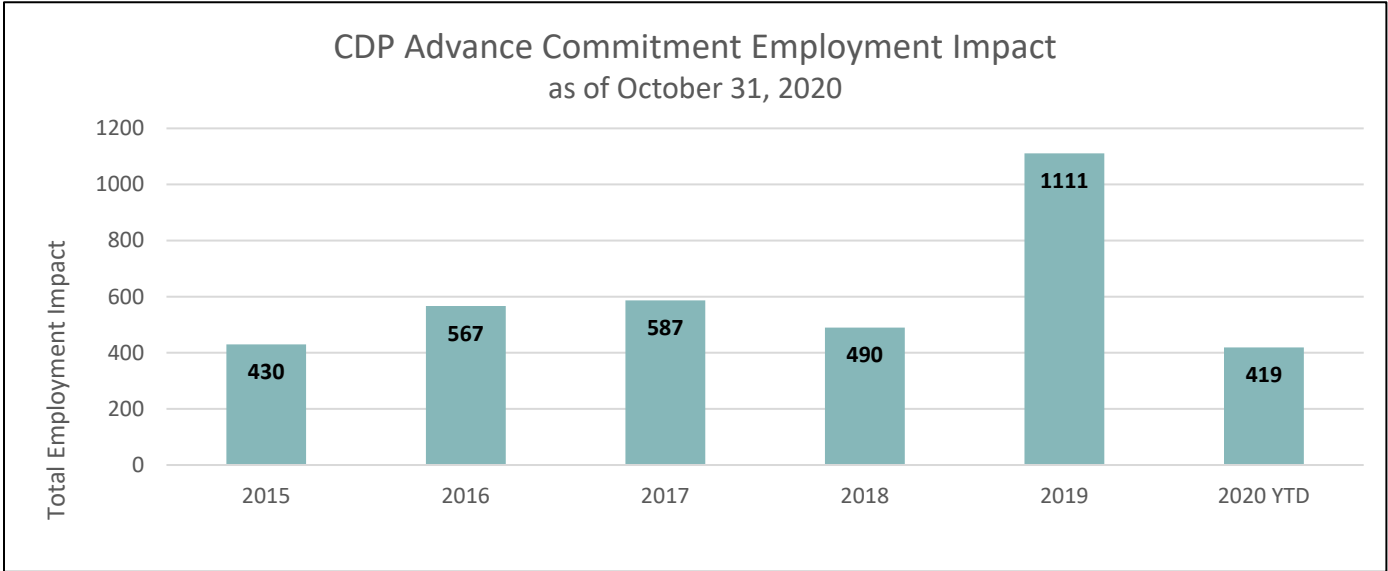
**FHLBank Member Use of CDP and CHP**

Members continue to positively impact the communities they serve through the use of CDP and CHP funding. Typically, members elect to match-fund rental projects using CHP advances. Owner-occupied projects are primarily loan pools where the member funds the expected duration of the pool. Owner-occupied loans are rarely match-funded, as the member cannot pass the risk of advance prepayment penalties on to the homeowner.

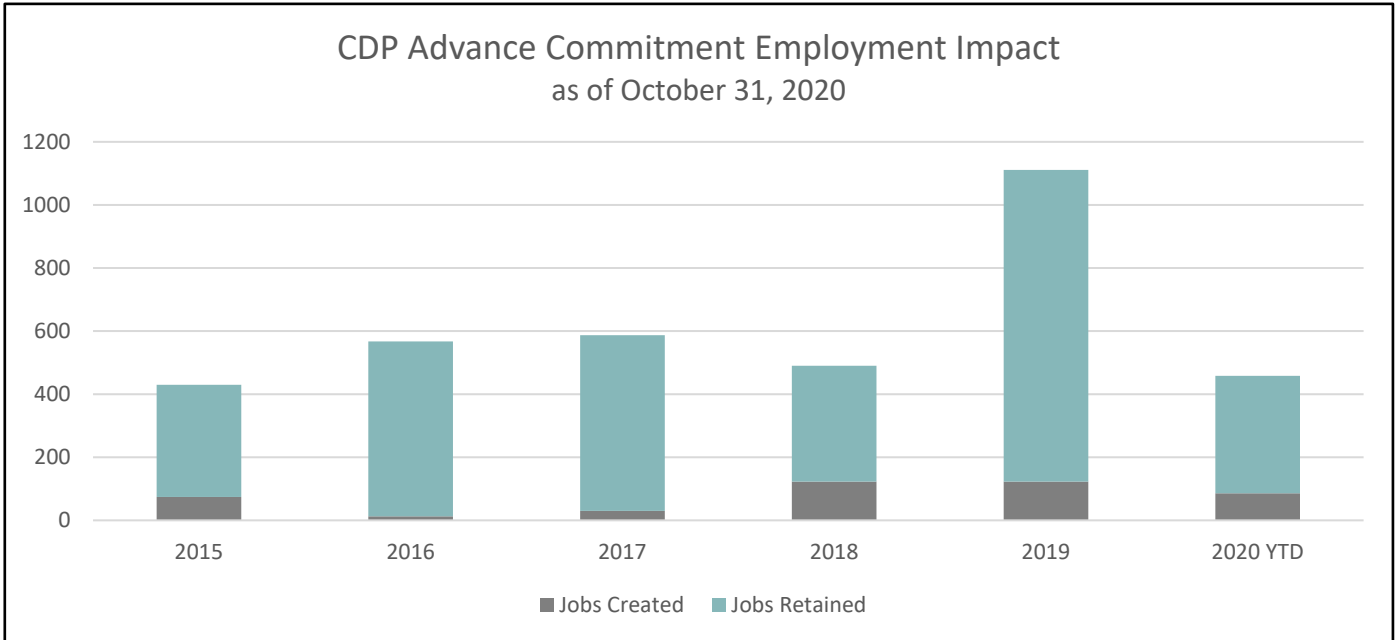




Members also benefit their communities by funding loans that result in the creation or retention of jobs. With the exception of 2019, the employment impact of the CDP has ranged between 400 to 600 jobs over the past six years. The employment impact in 2019 was boosted by a member funding pools of small business loans with a significant number of employees. The drop in employment for CDP projects in 2020 is a return to a more normal employment impact consistent with the 2016 to 2018 time period.



The employment impact is primarily through the retention of existing jobs by projects funded with CDP.



## EXHIBIT B

### Community Housing Program (CHP) Advances

The CHP is a special advance program authorized by 12 C.F.R. Part 1292 (the CICA regulations). The CHP provides wholesale loans (advances) priced below FHLBank's regular advance rates to help members finance owner-occupied and rental 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 construction, rehabilitation, or purchase, or to refinancing 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;
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CHP; and
- Purchasing Low-Income Housing Tax Credits.

#### TERMS AND CONDITIONS

##### CHP Advance Products

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

##### Required Documents

A complete CHP application, including identified loan(s), must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application prior to approval to ensure the following: identified loan(s) match project type, are consistent with program requirements, and do not include loan(s) to individuals or entities listed on FHLBank's Suspended Counterparty List. Projects involving refinancing of loan(s) previously funded with the CHP may not be combined with new loan(s) or projects. 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 at <http://www.fhlbtopeka.com>.

When completing the application, members may request approval for:

- Previously Originated Loans: Loan(s) must be originated not more than three months prior to the date the advance will be taken. The project approval will expire three months from the date of the earliest funded loan; or
- Loans Not Previously Originated: The project expiration date will be three months following the project approval date. Members may submit a list of the project's loan(s), and FHLBank will adjust the project expiration date to three months from the earliest-funded loan origination date.

In the event that a member must provide either a substitution or additional loan(s) to ensure project compliance, the substitution or additional loan(s) will be accepted only after submission to and approval by the HCD department.

**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 will not be approved 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 the FHFA of access to long-term advances (greater than one year) to participate in the CHP. This restriction does not apply to CHP applications or funds approved before the date the restriction was imposed.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's AHP, HSP, CHP, and/or CDP.

**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 on a single project for up to the approved CHP application amount. Members are not committed to taking the full approved CHP application amount.

**Qualifying Criteria**

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

- 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
- 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
- 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 the AMI. For example, a project located in a county for which 115 percent of the AMI 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, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread 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. 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 project on file.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CHP project and must indicate the advance request is for an approved CHP project.
- 4) HCD will review the member's application loan list to ensure it is consistent with the approved application, is consistent with program requirements, and funds were not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

## EXHIBIT C

### 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. The 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 construction, rehabilitation, or purchase, or refinancing 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; and
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CDP.

#### TERMS AND CONDITIONS

##### CDP Advance Products

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

##### Required Documents

A complete CDP application, including identified loan(s), must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application prior to approval to ensure the following: identified loan(s) match project type, are consistent with program requirements, and do not include loan(s) to individuals or entities listed on FHLBank's Suspended Counterparty List. Projects involving refinancing of loan(s) previously funded with CDP may not be combined with new loan(s) or projects. 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 at <http://www.fhlbtopeka.com>.

When completing the application, members may request approval for:

- **Previously Originated Loans:** Loan(s) must be originated not more than three months prior to the date the advance will be taken. Members must submit a list of the loan(s) at time of application. The project approval will expire three months from the date of the earliest funded loan; or
- **Loans Not Previously Originated:** The project expiration date will be three months following the project approval date. Members may submit a list of the project's loan(s), and FHLBank will adjust the project expiration date to three months from the earliest-funded loan origination date.

In the event that a member must provide either a substitution or additional loan(s) to ensure project compliance, the substitution or additional loan(s) will be accepted only after submission to and approval by the HCD department.

### 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 will not be approved for CDP advance funding for any loan(s) secured by property to be used for any marijuana-related business.

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

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's AHP, HSP, CHP, and/or CDP.

### Advance Draws on Approved CDP Application

Members may request draws on an approved CDP project by contacting the Lending department. Multiple CDP advances may be drawn up to the total amount of approved CDP project amount. Members are not committed to taking the full approved CDP application amount.

### CDP 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 Administration's (SBA) definition of a qualified small business concern based on the Table of Small Business Size Standards (available at <http://www.sba.gov>). To qualify, firms cannot exceed the SBA's established general size standards as of the CDP application date. The 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 United States; 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 Exhibit D, with a median income at or below 100 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 at <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.
- 3) Financing for businesses, farms, ranches, agribusinesses or projects located in a **rural area**, as defined in Exhibit D, 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 at <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.
- 4) Firms or projects located in a:
  - Federally Declared Disaster Area (Information available at: <http://www.fema.gov/Disasters>)
  - USDA Drought Area (Information available at: [www.usda.gov](http://www.usda.gov))
  - 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) 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 AMI.
- 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 AMI.

### 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. Members may establish the customer's loan rate above the CDP 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 CDP, the interest rates on the outstanding CDP advances may be changed, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread 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.

#### **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. 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 CDP meets the respective targeting requirements of the CDP. 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, 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.

#### **Availability**

Members should allow 48 hours for processing a complete 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 will 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 application, HCD staff will send the member a letter authorizing advances to be drawn on the approved CDP application based on the agreed upon conditions. FHLBank's Lending department will be notified that the member has an approved CDP project on file.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CDP project and must indicate the advance request is for an approved CDP project.
- 4) HCD will review the member's loan list to ensure it is consistent with the approved project, is consistent with program requirements, and funds were not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

## EXHIBIT D Definitions

**Activity Targeted Beneficiaries:** Projects that qualify as small businesses.

**AHP:** Affordable Housing Program

**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. (See Exhibit B/CDP Qualifying Criteria for a list of CDP qualifying criteria.)

**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:** 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.

**Economic development projects:**

- (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 are:**

- (1) A project located in a neighborhood with a median income at or below the targeted income level;
- (2) 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;
- (3) 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:
  - 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**
  - 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 are:**

- (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 Community Development Program (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.

**Mixed-use Project:** A project involving a combination of housing (owner-occupied or rental) and economic development activities.

**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** includes:

- (1) A unit of general local government with a population of 25,000 or less; or
- (2) An unincorporated area outside an MSA; or
- (3) An unincorporated area within an MSA that qualifies for housing or economic development assistance from the USDA.

**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. The SBA definition is available at <http://www.sba.gov>.

**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** includes:

- (1) A unit of general local government with a population greater than 25,000; or
- (2) An unincorporated area within an MSA that does not qualify for housing or economic development assistance from the USDA.

**USDA:** The U. S. Department of Agriculture.