NFHA
National Fair Housing Alliance
1331 Pennsylvania Avenue, NW, Suite 650, Washington, DC 20004 • (202) 898-1661 • Fax: (202) 371-9744 • www.nationalfairhousing.org

July 24, 2026

Director William J. Pulte
Federal Housing Finance Agency
Constitution Center
400 Seventh Street, SW Washington, DC 20219

Re: Comments/RIN 2590-AB64, Enterprise Duty to Serve Underserved Markets Proposed Rule

The National Fair Housing Alliance (NFHA) thank you for the opportunity to comment on the proposed changes to the Enterprise Duty to Serve Underserved Markets regulations (DTS Proposal).[1] NFHA leads a coalition that works to build inclusive, well-resourced, and resilient communities; expand equitable opportunities; and end housing discrimination.

Overall, the proposed changes would have a negative impact on Fannie Mae and Freddie Mac's (the Enterprises) support for renters and aspiring homebuyers throughout the nation, including increasing mortgage rates for some borrowers. This would exacerbate the nation's fair and affordable housing crisis at a time when the Federal Housing Finance Agency (FHFA) and the Enterprises should be doing more, not less. Due to the likely reduction in Duty to Serve lending that will result from the rule, fewer borrowers will receive fee waivers – leading to higher mortgage rates for them. The DTS Proposal calls into question FHFA's justification for repealing the Equitable Housing Finance Plans.

I. The DTS Proposal Calls into Question FHFA's Justification for Repeal of the Equitable Housing Finance Plan

A few short months ago, FHFA found the following as part of its repeal of the Equitable Housing Finance Plan (EHFP):

> FHFA finds that although the EHFPs may offer a broader reach than the affordable housing goals and Duty to Serve programs, these programs are grounded in statute and subject to rigorous performance evaluation and enforcement mechanisms. As such, these programs are designed to address persistent disparities in access to mortgage credit and housing finance, including those affecting rural, manufactured housing, and other underserved markets. The programmatic structure provides a

[1] FHFA, Proposed Rule for Enterprise Duty to Serve Underserved Markets Proposed Rule (June 24, 2026), available at: https://www.federalregister.gov/documents/2026/06/24/2026-12750/enterprise-duty-to-serve-underserved-markets.

durable and enforceable framework for advancing access to the housing finance system.[2]

Two months before FHFA had made that finding, it had published a final rule that reduced the Enterprises' goals for low-income homebuyers by 16 percent, reduced the Enterprises' goals for very-low income homebuyers by 42 percent, and reduced the Enterprises' goals for low-income refinancers by 20 percent.[3] Now, four months after that finding, FHFA appears to propose abandoning Duty to Serve's "durable and enforceable framework" by removing much of the "rigorous performance evaluation" and "enforcement mechanisms" that it relied on to support the EHFP regulatory repeal. The DTS proposal instead replaces this framework with substantial ambiguity and regulatory discretion – with no promise of more formal evaluation guidance or metrics coming. The DTS proposal therefore calls into question FHFA's finding and reliance on Duty to Serve as justification for repealing the EHFP.

II. The DTS Proposal Would Reduce Incremental DTS Support for Renters and Homebuyers, and Further FHFA's Significant Reduction in Support for Very-Low, Low-, and Moderate-Income Renters and Homebuyers

The DTS Proposal has several elements which reduce the level of support provided by the Enterprises for very-low-, low- and moderate-income renters and homebuyers in the underserved markets. These include:

- The elimination of prescribed activities and their replacement with a requirement that an Enterprise take any "eligible action" – seeming to permit the most minimal of commitments to fulfilling the Duty to Serve;[4]
- The elimination of FHFA reviewing the Enterprises against their self-identified targets, replaced instead with a vague evaluation of whether the Enterprises met the needs of the underserved markets;[5] and
- The significant broadening of the definitions of the underserved markets, especially the rural market, ending directed support to particular high-needs rural regions and populations, and establishing a framework that is so broad it likely overlaps significantly with the Affordable Housing Goals and existing activities of the Enterprises.[6]

All told, these changes amount to the Enterprises doing less to satisfy the Duty to Serve and counting activities they would be doing anyway to get there.

---

[2] FHFA, Repeal of Fair Lending, Fair Housing, and Equitable Housing Finance Plans (Feb. 6, 2026), available at: https://www.federalregister.gov/documents/2026/02/06/2026-02325/fair-lending-fair-housing-and-equitable-housing-finance-plans

[3] FHFA, 2026 – 2028 Enterprise Housing Goals (Dec. 23, 2025).

[4] DTS Proposal, proposed section 1283.3(c)(1).

[5] DTS Proposal, proposed section 1283.6.

[6] DTS Proposal, proposed section 1283.2.

III. The DTS Proposal Would Increase Mortgage Rates for Borrowers No Longer Benefiting from Duty to Serve and Other FHFA Rollbacks

Before 2008, the Enterprises did not charge up-front fees, known as loan-level price adjustments or credit fees (LLPAs). After 2008, LLPAs were established and have been refined over time. These LLPAs are generally not paid by borrowers upfront and instead are incorporated into the borrower's interest rate.[7]

NFHA has long advocated for the elimination of LLPAs and a return to a flatter pricing structure. The LLPA pricing framework is inherently unfair as it places the burden of the Enterprises' financial recovery and future catastrophic risk disproportionately on Black, Latino, Asian American and Pacific Islander, and Native American borrowers, even though they were the victims of the housing and financial crisis of 2008, not the cause.[8]

The FHFA established certain waivers of LLPAs in 2022:

- First-time homebuyers at or below 100 percent of area median income (AMI) in most of the United States and below 120 percent of AMI in high-cost areas;
- Housing Finance Agency Advantage and Housing Finance Agency Preferred loans; and
- Single-family loans supporting the Duty to Serve program.[9]

These waivers were combined with other targeted pricing changes under a common-sense framework that supports homeownership while maintaining safety and soundness. That framework entails:

- **Mission-remote loans,** like second homes, investment properties, million-dollar loans, and cash-out refinances, which merit higher pricing to subsidize the public homeownership mission.
- **Mission loans,** which include mortgages to people with lower incomes, the DTS program, and other categories. These loans should be priced consistent with the public homeownership mission and receive additional support, as they are now with LLPA waivers.

---

[7] Statement of Janneke Ratcliffe, Urban Institute, before the Subcommittee on Housing and Insurance, Financial Services Committee, United States House of Representatives (May 17, 2023) (Ratcliffe Testimony), available at: https://www.urban.org/sites/default/files/2023-05/Understanding%20the%20Impact%20of%20Recent%20Changes%20to%20the%20Federal%20Housing%20Finance%20Agency%20Loan-Level%20Price%20Adjustment.pdf.

[8] NFHA, Comment Letter to FHFA on Enterprise Equitable Housing Finance Plans (Oct. 25, 2021), available at: https://nationalfairhousing.org/wp-content/uploads/2021/12/FHFA-Equitable-Housing-Finance-Plans_NFHA-et-al_FINAL2_2021-10-25.pdf.

[9] FHFA, FHFA Announces Targeted Pricing Changes to Enterprise Pricing Framework (Oct. 24, 2022), available at: https://www.fhfa.gov/news/news-release/fhfa-announces-targeted-pricing-changes-to-enterprise-pricing-framework.

- **Core loans,** the bulk of the Enterprises' loans, are purchase and rate-term refinances for all other owner-occupied homes, which should be priced consistent with safety and soundness while still facilitating fair access to homeownership.[10]

While FHFA has not eliminated the waivers for mission loans, it has taken actions to reduce the number of mission loans the Enterprises are expected to make each year, and thus the number of borrowers benefiting from waivers. FHFA has done this through its substantial reduction of the affordable housing goals,[11] elimination of support for Special Purpose Credit Programs,[12] tightening underwriting standards through the Enterprises' automated underwriting systems,[13] and now with the DTS proposal's reduction in Duty to Serve lending.[14] Thus, the DTS proposal will further raise the interest rates of those borrowers who were previously supported under these initiatives and would have received an LLPA waiver, but no longer would. FHFA does not appear to have considered this impact at all as part of the rulemaking or economic analysis. NFHA does not support raising prices on borrowers who need support to achieve homeownership, especially during the nation's fair and affordable housing crisis.

IV. The DTS Proposal Would Disproportionately Harm Native American, Black, and Latino Renters and Homebuyers

Several discrete changes within the DTS proposal have negative disproportionate impacts on Native American, Black, and Latino renters and homeowners. These changes are primarily related to the broad redefinition of the rural housing underserved market, and the change from a specified activities framework.[15] While FHFA has left some definitions from the existing rule in place, in terms of the regulatory text they are largely inoperative and the fundamental compliance obligation of the program seems to be to take "any action" that would serve an underserved market, including the new very broadly defined rural housing market.[16]

A. Native American Renters and Homebuyers

The prior regulation included as a specified activity lending to "Members of a Federally recognized Indian tribe located in an Indian area."[17] The DTS proposal removes the requirements that such lending be to a member of Federally recognized tribe. FHFA asserts

---

[10] Ratcliffe Testimony.
[11] FHFA, Final Rule for 2026-2028 Enterprise Housing Goals (Dec. 12, 2025), available at: https://www.federalregister.gov/documents/2025/12/23/2025-23746/2026-2028-enterprise-housing-goals.
[12] William Pulte (@pulte), X (Mar. 25 2025), https://x.com/pulte/status/1904621959213965690.
[13] Fannie Mae, DU Version 12.1 June Update (June 17, 2026), avalable at: https://singlefamily.fanniemae.com/media/45206/display
[14] Section I above.
[15] DTS proposal, Supplementary Information Section IV.B.4.
[16] DTS proposal, proposed section 1283.2(b) definitions of Colonia Census Tract, Indian Area, High-needs rural region, Lower Mississippi Delta, Rural area, and Rural housing market.
[17] 12 CFR 1282.1.

that this change will not disadvantage Native Americans.[18] However, FHFA's analysis is unpersuasive, especially for certain areas that would be considered an Indian area under the definition where large populations of non-Native Americans live. A primary example would be the state of Oklahoma, as noted in one of Freddie Mac's own Duty to Serve research publications.[19] The DTS proposal is likely to result in the existing volume of single and multi-family lending in Oklahoma being counted for Duty to Serve credit, even when no Native Americans are being served. Apart from this, FHFA's DTS proposal framework seems to provide the definition of Indian area in purely an advisory way, and an Enterprise could fully satisfy the requirements of the new rule without doing any lending in Indian areas.

If FHFA is concerned about the existing regulation's specific targeting of Native Americans and compliance with fair housing or Constitutional requirements, its concerns are misplaced. Tribal governments or tribally designated housing authorities may have a preference for serving members of their own tribe with housing investments under the law. This is specifically recognized in the Native American Housing and Self Determination Act.[20] Such preferences are Constitutional as they are considered political affiliations, and not a racial classification.[21] FHFA's Federal Home Loan Bank Affordable Housing Program regulations similarly permit such activity.[22] Given that generally 0.3 percent of Enterprise single-family lending serves American Indians and Alaska Natives[23] when they constitute about 2.9 percent of the United States population,[24] FHFA should instead retain a requirement that the Enterprises must engage in lending to specifically serve Native Americans in Indian areas to meet the Duty to Serve requirement.

B. Black Renters and Homebuyers

The prior regulation included as a specified activity lending in high-needs rural regions, defined to include the Lower Mississippi Delta (LMD).[25] The DTS proposal removes this lending as a regulatory activity through its broad redefinition of what constitutes the rural

---

[18] DTS proposal at 37853.

[19] Freddie Mac Multifamily, LIHTC in Indian Areas (Oct. 25, 2018), available at: https://www.novoco.com/documents103052/freddie_mac_lihtc_in_indian_areas_102518.pdf ("Oklahoma alone contains 60 percent of the nation's LIHTC units on reservations that are in Indian Areas. However, this high composition is largely due to the very high level of inclusion of AIAN areas in Oklahoma. Approximately 76 percent of the land area of Oklahoma is considered an Indian Area by the AIAN classification (Criterion #2) but very little of this is actually Indian trust land, and LIHTC properties on this land may not explicitly serve tribal members.")

[20] 12 CFR 1001.12(d), HUD Notice PIH-2005-19, available at: www.hud.gov/sites/documents/doc_8860.pdf.

[21] *Morton v. Mancari*, 417 U.S. 535 (1974).

[22] 12 CFR 1291.26(e)(3).

[23] FHFA, 2025 Annual Housing Activity Report, available at: www.fhfa.gov/document/d/ahr/annual-housing-report-2025.

[24] U.S. Census Bureau, 2020 Census Visualization, American Indian and Alaska Native alone or in combination, available at: https://www.census.gov/library/visualizations/interactive/race-and-ethnicity-in-the-united-state-2010-and-2020-census.html

[25] 12 CFR 1282.1, 1282.5.

underserved market and other changes. [26] FHFA's DTS proposal framework seems to retain the definition of the Lower Mississippi Delta (LMD) purely an advisory way.[27] As summarized by the Housing Assistance Council, race has been a central issue in the LMD's history.[28] While the overall demographics of the rural LMD reflect that Black residents make up 23 percent of the population and White residents make up 74 percent of the population, there remain many counties with Black majority populations,[29] and 23 percent exceeds the U.S. overall Black population percentage of 13 percent.[30] By removing the incentive to specifically serve the LMD, the DTS proposal disproportionately negatively impacts Black renters and homebuyers.

C. Latino Renters and Homebuyers

The prior regulation included as a specified activity lending in high-needs rural regions, defined to include colonias.[31] The DTS proposal removes this lending as a regulatory activity through its broad redefinition of what constitutes the rural underserved market and other changes. [32] FHFA's DTS proposal framework seems to retain the definition of colonias purely an advisory way.[33] The population of colonia census tracts is 77 percent Latino.[34] By removing the incentive to specifically serve colonias, the DTS proposal disproportionately negatively impacts Latino renters and homebuyers.

D. The Current Rule Provides a Less Discriminatory Alternative While Serving FHFA's Objectives

As discussed in this section, the DTS proposal disproportionately negatively impacts Native American, Black, and Latino renters and homebuyers. It also negatively impacts renters and homebuyers of all races and national origins who benefitted from the prior framework. While FHFA's identified objectives of simplifying compliance burden may be reasonable, FHFA's conclusion that the new framework will not result in reduced benefits for those negatively impacted is not. A less discriminatory alternative choice exist in the current regulatory framework, which FHFA could simplify from a compliance perspective without dramatically redirecting where the lending supported by Duty to Serve will likely occur. Because of this, FHFA's rulemaking is inconsistent with the standards under the Fair

---

[26] DTS Proposal, proposed section 1283.2.
[27] DTS proposal at 37856.
[28] Housing Assistance Council, Housing in the Lower Mississippi Delta (Sep. 2013), available at: http://www.ruralhome.org/storage/documents/rpts_pubs/ts10_ms_delta.pdf
[29] *Id.*
[30] U.S. Census Bureau, QuickFacts, available at: https://www.census.gov/quickfacts/fact/table/US/RHI225225
[31] 12 CFR 1282.1, 1282.5.
[32] DTS Proposal, proposed section 1283.2.
[33] DTS proposal at 37856.
[34] Keith Wiley and Manda LaPorte, Housing Assistance Council, Colonias and Homeownership, available at: https://unidosus.org/wp-content/uploads/2025/01/HOMEResearchPresentation_ColoniasAndHomeownership_2025.pdf.

Housing Act, FHFA's duty to affirmatively further the purposes of the Fair Housing Act, and the Enterprises' duty to avoid policies which have a disparate impact on the basis of race and national origin related to the location of the dwelling.[35] Moreover, it is projected that 70 percent of all future households will be comprised of people of color.[36] If they are unable to fairly obtain mortgages, the system will fail.

For the reasons described above, NFHA urges the FHFA to reconsider this proposed rule and retain the current rule, or come up with a modified proposal that more narrowly addresses concerns of compliance burden without negatively impacting renters and homebuyers.

[35] *See, e.g., Texas Dept. of Housing and Community Affairs, et al., v. The Inclusive Communities Project, Inc.*, 576 U.S. 519 (2015); 42 U.S.C. 3608(d); 12 U.S.C. 4545(3); 24 CFR 81.42.
[36] Laurie Goodman and Jun Zhu, Urban Institute, The Future of Headship and Homeownership (Jan. 2021) https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf