July 24, 2026

Clinton Jones, General Counsel
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 20219

Re: FHFA Proposed Rule: Duty to Serve Underserved Markets (RIN 2590-AB64)

Dear Mr. Jones:

On behalf of the more than 180,000 members of the California Association of REALTORS® (C.A.R.), I thank you for the opportunity to comment on the proposed revisions to the Duty to Serve (DTS) regulation. C.A.R. is a nonpartisan real estate trade association committed to expanding access to mortgage credit and fair housing, so that families across California can have equal access to homeownership. The proposed rule reflects a thoughtful effort to modernize the DTS framework, and we appreciate FHFA's willingness to reconsider a system that aligns with the lived experiences of underserved markets in California.

When Congress passed the Duty to Serve mandate, the intent was to ensure the Enterprises meaningfully support markets that have historically been excluded from conventional mortgage finance. Congress identified and codified manufactured housing, affordable housing preservation, and rural housing as markets requiring special attention because each plays a critical role in expanding access to housing for households facing structural barriers. In California, these markets are central to the state's housing landscape. Any revision to DTS must therefore be evaluated through the lens of how well it protects all the markets Congress codified and the Californians who depend on them.

Protect Enforcement Obligations and Address Enterprise Discretion

C.A.R. supports a final rule that ensures there is accountability that the Enterprises are meeting their DTS requirements. Under the proposed rule, FHFA would no longer be required to set annual benchmarks, measurable goals, and required DTS activities. As a result, the Enterprises could scale back their engagement in the very markets Congress intended them to serve. This change would be felt immediately in California. For example, California is home to approximately 4,800 mobile home parks housing roughly 500,000 households, many of whom are elderly or on fixed incomes.[1] These households are at heightened risk of displacement when financing options shrink or parks close.

Furthermore, rural regions, including farmworker towns in the Central Valley and Tribal communities, are experiencing worsening capital scarcity as community banks disappear, leaving Native and rural households with shrinking access to mortgage credit and long-term investment capital.[2] It is vital that the final rule include a mechanism for enforcing DTS obligations. Without one, these communities could face even deeper scarcity at a time when the income required to afford a median-priced rural home has more than doubled since 2019, rising from approximately $36,000 to $75,000 by late 2025.

While increased Enterprise discretion may create flexibility and innovation, it must be balanced to ensure it does not allow the Enterprises to deprioritize markets perceived as less profitable. Such a shift would disproportionately affect households of color, Native communities navigating trust-land lending barriers, and small lenders as well as Community Development Financial Institutions (CDFIs) that rely on Enterprise liquidity to support first-time homebuyers. Ultimately, the markets most central to California's affordability landscape are the ones most likely to be overlooked under the proposed revisions.

Loss of Transparency and Fair Housing Safeguards

C.A.R. supports robust reporting, measurable benchmarks, and public DTS plans coupled with evaluation criteria to ensure FHFA and the public can determine whether the Enterprises are meaningfully serving underserved markets. Without public-facing transparency mechanisms, lending gaps in rural and Tribal communities become harder to detect, leaving these areas vulnerable to being overlooked. Rural regions already face lender scarcity due to widespread bank branch closures and limited access to conventional mortgage products, making transparent reporting essential to monitoring

[1] California's Mobile Home Park Lifeline: How a State Rescue Program Is Playing Out for Thousands of Vulnerable Residents, Political.org (June 25, 2026), https://political.org/2026/06/25/californias-mobile-home-park-lifeline-how-a-state-rescue-program-is-playing-out-for-thousands-of-vulnerable-residents/

[2] Why California Needs a State Public Bank, USC Dornsife Equity Research Institute (July 21, 2026), https://dornsife.usc.edu/eri/2026/07/21/why-california-needs-a-state-public-bank/

access to credit.[3] Borrowers of color would face exclusion that becomes more difficult to identify without loan-level data, as manufactured housing and rural lending already show disproportionately high denial rates for Black, Indigenous, and Latino borrowers.[4] The proposed rule would further eliminate FHFA's obligation to publish Enterprise performance results, meaning the public would no longer have access to annual DTS outcomes or evaluations. Without published results, Congress, state agencies, and civil rights organizations would lose critical visibility into whether the Enterprises are meeting statutory obligations.

As a result, entities that rely on transparent reporting to identify discriminatory patterns would have fewer tools to hold institutions accountable, particularly given long-standing disparities in mortgage access for Tribal communities navigating trust-land lending barriers.[5] At the same time, shifting toward innovation without explicit fair housing guardrails raises concerns about algorithmic bias and disparate impacts, especially in markets where automated underwriting has historically produced uneven outcomes.[6] The absence of mechanisms to monitor geographic representation could allow regional disparities to widen, particularly in high-cost or lender-scarce areas where access to conventional mortgage credit is already limited. Together, these changes would weaken the ability of Californians most affected by discrimination to understand, monitor, and respond to inequitable lending practices, and would undermine FHFA's capacity to ensure alignment with the Fair Housing Act and the obligation to affirmatively further fair housing.

Conclusion

We appreciate FHFA's thoughtful effort to modernize the Duty to Serve framework. C.A.R. asks that any final rule ensure that underserved markets, and the Californians who rely on them, are not left behind. The elimination of public plans, measurable goals, required activities, annual evaluations, published results, Congressional reporting, and public comment requirements would leave FHFA without the tools necessary to ensure that the Enterprises fulfill their Duty to Serve obligations. We encourage FHFA to adopt a final rule that maintains enforceable obligations for the manufactured housing and rural housing markets, preserves transparency and public reporting, ensures Enterprise discretion is

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[3] Sharon Cornelissen, Mortgage Deserts: Mapping Which Rural and Urban Communities Remain Left Behind by Mortgage Finance, Consumer Federation of America (Oct. 6, 2025), https://consumerfed.org/wp-content/uploads/2025/10/Mortgage-Deserts-10.06.2025.pdf

[4] Sharon Cornelissen, Mortgage Deserts: Mapping Which Rural and Urban Communities Remain Left Behind by Mortgage Finance, Consumer Federation of America (Oct. 6, 2025), https://consumerfed.org/wp-content/uploads/2025/10/Mortgage-Deserts-10.06.2025.pdf

[5] U.S. Government Accountability Office, Housing Finance: Prolonged Conservatorships of Fannie Mae and Freddie Mac Prompt Need for Reform, GAO-19-239 (Jan. 18, 2019), https://www.gao.gov/products/gao-19-239

[6] John Villasenor & Virginia Foggo, Algorithms and Housing Discrimination: Rethinking HUD's New Disparate Impact Rule, Brookings Institution (Mar. 5, 2021), https://www.brookings.edu/articles/algorithms-and-housing-discrimination-rethinking-huds-new-disparate-impact-rule/

paired with fair housing guardrails, and includes mechanisms to monitor and address disparate impacts. A strong DTS framework is essential to ensuring that all communities have appropriate access to mortgage credit and fair housing.

Thank you for your consideration of these comments. C.A.R. welcomes the opportunity to continue working with FHFA on policies that promote the Enterprises fulfilling their Duty to Serve obligations.

Sincerely,

Matthew Roberts
California Association of REALTORS®