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

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

Dear Mr. Jones:

The American Bankers Association[1] (ABA) appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposed rule to rescind and replace the current Duty to Serve (DTS) framework.[2]

ABA members share the FHFA's goal of reducing administrative burden and fostering innovation in the Duty to Serve efforts intended to expand sustainable access to credit for underserved communities, including manufactured housing, rural housing, and affordable housing preservation. Banks play a critical role in meeting these needs through direct lending, community partnerships, and secondary market execution that support and enhance primary market efforts.

The recent enactment of the 21st Century ROAD to Housing Act makes the DTS framework all the more important. As the Administration develops the rules and guidance to implement that Act, the DTS framework remains an important tool to promote urban and rural housing preservation and affordable entry-level housing. For instance, manufactured housing can be an important part of the solution for entry-level needs. Therefore, we welcome the FHFA's efforts to modernize the DTS framework and encourage innovation. At the same time, we urge the FHFA to ensure that the revised framework maintains clear expectations, preserves accountability, and supports effective coordination between the Enterprises, the Federal Home Loan Banks (FHLBanks), federal housing agencies, and primary market participants.

I. Support for Modernization and Flexibility

ABA recognizes the value of updating the DTS framework to reflect market evolution and to provide the Enterprises with appropriate flexibility to address emerging needs. Reducing unnecessary administrative

[1] The American Bankers Association is the voice of the nation's $26.1 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard $20.5 trillion in deposits and extend $13.7 trillion in loans.
[2] https://www.federalregister.gov/documents/2026/06/24/2026-12750/enterprise-duty-to-serve-underserved-markets?utm_campaign=subscription+mailing+list&utm_medium=email&utm_source=federalregister.gov

burdens and enabling innovation can help improve outcomes for low- and moderate-income borrowers, particularly in markets that have historically been difficult to serve.

However, modernization should not come at the expense of clarity, transparency, or adherence to the statutory purpose of DTS.

The current DTS framework, while complex, provides stakeholders with a transparent structure for evaluating Enterprise performance across underserved markets. As the FHFA considers a more flexible approach, it is essential that the final rule retain objective measurable performance expectations for each statutory market; consistent evaluation criteria that allow for comparison over time; and public reporting sufficient for stakeholders to assess progress and effectiveness. Absent these elements, the proposed framework risks reducing accountability and limiting the ability of market participants to understand how the Enterprises are meeting their statutory obligations.

II. Preserving the Statutory Purpose of DTS

DTS is a congressionally mandated requirement designed to ensure that the Enterprises serve specific underserved markets. ABA urges the FHFA to ensure that a more flexible framework does not dilute this mandate. In particular, the FHFA should maintain balanced expectations across all three DTS markets; avoid allowing the Enterprises to concentrate efforts disproportionately in areas that are easier to serve (cherry picking); and ensure that populations with the greatest need remain the central focus of DTS efforts.

III. Alignment with CRA and Implications for Bank Participation

Banks frequently partner with the Enterprises in activities that support underserved communities, and in many cases, these activities are closely aligned with Community Reinvestment Act (CRA) objectives. The current DTS framework provides transparency that helps banks identify opportunities to collaborate with the Enterprises and incorporate those activities into their CRA planning and goal-setting processes. Banks require some degree of certainty when establishing CRA goals and commitments that may extend across multiple years. ABA is concerned that a less prescriptive DTS framework could introduce uncertainty regarding which Enterprise activities will continue to support bank CRA activities. We urge the FHFA to provide clarity on how DTS activities will be structured under the new framework to ensure that DTS will continue to align with CRA-related objectives and efforts undertaken by the private market.

IV. Maintaining a Level Playing Field

ABA has long emphasized that the Enterprises should complement—rather than displace—private-sector lending. This principle is particularly important in underserved markets, where banks are often deeply engaged in meeting community needs.

As the FHFA revises the DTS framework, it should ensure that Enterprise activities do not crowd out bank lending or investments. The FHFA should also ensure that appropriate guardrails are in place to preserve the role of primary market participants. DTS efforts undertaken by the Enterprises must remain supportive of and enhancing to primary market efforts.

V. Coordination with Other Agencies

We encourage the FHFA to ensure the Enterprises avoid introducing products or programs that are too similar to Federal House Administration (FHA), Veterans Administration (VA), United States Department of Agriculture (USDA) and FHLBank offerings. The goal should be to address the needs of the three markets as holistically as possible and not compete with other agencies for the same segments within those markets. True innovation will result in meeting the needs in each of the statutory markets that are not or cannot be met by other entities.

VI. Transparency and Ongoing Reporting

Transparency is critical to ensure that DTS achieves its intended outcomes. ABA strongly recommends that the FHFA continue to require robust public reporting on Enterprise activities, including market-specific outcomes; year-over-year performance by the Enterprises; and metrics on the extent to which DTS activities reach the targeted underserved populations. Such reporting supports accountability, informs market participants, and enables policymakers to assess the effectiveness of DTS implementation.

Conclusion

ABA appreciates the FHFA's efforts to modernize the Duty to Serve framework and to promote innovation in underserved housing markets. We encourage the FHFA to finalize a rule that balances flexibility with clear expectations, maintains strong accountability, and supports continued collaboration between the Enterprises and banks.

We would welcome the opportunity to discuss these comments further.

Yours sincerely,

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Sustainable Finance & Mortgage Policy
Fair & Responsible Banking