July 23, 2026

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

Re: Enterprise Duty to Serve Underserved Markets; RIN 2590-AB64

Dear General Counsel Clinton Jones:

Opportunity Finance Network (OFN) respectfully submits the following comments in response to the Federal Housing Finance Agency's (FHFA) proposed amendments to the Enterprise Duty to Serve (DTS) Underserved Markets regulation.

**About OFN**

OFN is the nation's leading network and intermediary focused on community development investment, managing over $1 billion in total assets and a membership of nearly 500 community development financial institutions (CDFIs). OFN's membership includes community development loan funds, credit unions, banks, and venture capital funds, many of whom have been working with the Federal Home Loan Bank and the FHFA as partners on the ground to advance affordable housing in the most underserved communities.

OFN members channel capital into low- and moderate-income (LMI) communities. Since its founding in 1986, OFN members have originated $136 billion in financing, helping to create or maintain more than 3.8 million jobs, start or expand more than 1.2 million businesses and microenterprises, and support the development or rehabilitation of nearly 3 million housing units and more than 16,000 community facility projects in rural, urban, and Native communities across the United States. With cumulative net charge-off rates near one percent, OFN members lend prudently and productively in the LMI communities.

Our members finance affordable housing, homeownership, community facilities, and small businesses in urban, rural, Tribal, and persistent-poverty communities across the country. Every day, OFN members encounter borrowers who are creditworthy but remain underserved because of structural barriers, limited secondary market access, and insufficient private investment.

**OFN Comments**

We appreciate FHFA's stated objective of streamlining the DTS framework and increasing regulatory efficiency. However, any changes should balance flexibility to innovate with accountability to the most underserved communities. Congress established DTS in the Housing and Economic Recovery Act of 2008 (HERA) because market incentives alone proved insufficient to ensure liquidity and investment in manufactured housing, affordable housing preservation, and rural housing markets. The proposed rule should preserve that congressional intent by maintaining meaningful expectations for service to the highest-need markets while providing the Enterprises with additional tools to meet those obligations.


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OFN respectfully recommends that FHFA:

- Retain measurable and transparent rural housing requirements that ensure the Enterprises continue directing meaningful resources toward high-need rural communities.
- Pair the expansion of the Enterprises' authority to make Low-Income Housing Tax Credit (LIHTC) equity investments beyond rural areas with the maintenance of rural requirements.
- Expand incentives for Enterprise partnerships with certified CDFIs, including seeking any expanded authority to permit equity investments into CDFIs.
- Evaluate how to make NMTC investments targeted so that they advance the Enterprise's affordable housing mission.

**Rural DTS Requirements Ensure Sustained Focus on Highest-Need Communities**

Congress established the DTS obligation through the Housing and Economic Recovery Act of 2008 because the secondary mortgage market had historically failed to provide adequate liquidity to manufactured housing, affordable housing preservation, and rural housing markets. The existing DTS framework reflects that statutory purpose by recognizing that rural communities face unique barriers including lower loan volumes, limited lender participation, higher origination costs, aging housing stock, appraisal shortages, and greater geographic dispersion— that require targeted Enterprise attention. These structural market conditions have not materially changed and continue to justify dedicated rural obligations.

The existing DTS framework has demonstrated that specific, measurable rural objectives can produce meaningful results. Freddie Mac reports that DTS has provided nearly $12.7 billion in liquidity to high-needs rural regions since 2018, financing approximately 96,000 homes, including more than $5.5 billion supporting roughly 37,000 homes during its 2022–2024 Plan cycle. [1] Freddie Mac also credits DTS with expanding rural lender participation, improving secondary market access, and developing products tailored to rural communities. These outcomes demonstrate that targeted rural obligations have translated into measurable investment and market development that likely would not have occurred absent a focused mandate.

At the same time, the Enterprises' own reporting demonstrates why continued accountability remains necessary. Freddie Mac has observed that the number of eligible small rural financial institutions participating in the secondary market continues to decline, requiring increased outreach and alternative delivery strategies to maintain access in underserved communities. This shrinking lender base underscores that many of the structural barriers Congress sought to address through DTS persist today and justify maintaining meaningful rural expectations instead of reducing them.

The FHFA's proposal to remove the regulatory and additional activities that outline measurable goals into high-needs rural regions and the elimination of the high-needs rural regions in favor of a broader rural definition creates a risk that Enterprise resources will migrate toward

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[1] Freddie Mac, Rural High-Needs Regions Narrative 2024 2–3 (2025), submitted to the Federal Housing Finance Agency as part of Freddie Mac's Duty to Serve performance evaluation. Available at https://www.fhfa.gov/document/rural_hn_regions_1_a_narrative_2024.pdf

activities that are easier to scale and administer. Higher-volume markets naturally provide greater opportunities to purchase larger numbers of loans at lower transaction costs, while rural lending often requires greater outreach, specialized underwriting, smaller loan balances, and partnerships with mission-driven lenders. Without clear rural expectations, the Enterprises could satisfy DTS performance objectives through activities that generate greater volume while providing comparatively less benefit to the highest-need rural communities. Maintaining measurable rural obligations remains the most effective safeguard against this unintended consequence. Enterprise's DTS Plans should continue to include measurable rural strategies, transparent reporting on rural outcomes, and targeted activities that expand liquidity in underserved markets.

**Pair Expanded Authority for LIHTC Investments with Preservation of Rural Accountability**

While OFN supports FHFA's proposal to expand the Enterprises' authority to receive DTS credit for Low-Income Housing Tax Credit (LIHTC) equity investments beyond rural housing to all three statutory underserved markets, we also believe that rural accountability should remain in place to avoid incentivizing the most easily serviceable projects. Expanding the geographic eligibility of LIHTC investments appropriately recognizes that affordable housing shortages exist across rural, manufactured housing, and affordable housing preservation markets, and provides the Enterprises with greater flexibility to deploy capital where it can address critical housing needs.

At the same time, expanding LIHTC eligibility should not diminish the Enterprises' focus on rural communities. The secondary mortgage market has historically failed to provide adequate liquidity to these communities and those underlying market conditions remain. Without meaningful rural accountability, the additional flexibility provided by the proposed rule could unintentionally encourage greater Enterprise investment in larger, more readily scalable transactions while reducing relative investment in rural communities where financing challenges remain most acute.

OFN therefore encourages FHFA to pair this expanded investment authority with continued transparency and accountability for rural outcomes. Enterprise Underserved Markets Plans should continue to include measurable rural housing strategies, and FHFA should maintain public reporting on the geographic distribution and impact of Enterprise LIHTC investments. Such reporting would enable FHFA and stakeholders to assess whether expanded flexibility is increasing overall affordable housing investment while preserving meaningful support for high-need rural communities.

OFN believes these objectives are complementary— the Enterprises can be afforded greater flexibility to respond to evolving housing needs while remaining accountable for delivering meaningful investment to the rural communities that DTS was specifically designed to serve.

**CDFIs are Proven Partners in Meeting DTS Objectives**

CDFIs possess unique lending model that complements the Enterprises' secondary market capabilities. CDFIs are often the primary providers of capital for borrowers and projects that cannot access conventional financing, including first-time homebuyers and affordable housing developments in underserved markets. Unlike many conventional lenders, CDFIs maintain long-term relationships within underserved communities, possess underwriting expertise tailored to borrowers with thin credit files or nontraditional income, finance small-balance mortgages that larger lenders frequently overlook, and combine financing with technical assistance that improves long-term loan performance. From 2019 to 2023, in rural communities alone, OFN member CDFIs financed $14 billion. This financing helped created more than 11,800 affordable housing units. The scale of this work demonstrates the capacity of the CDFI industry to advance the objectives of DTS.

In many rural communities, CDFIs represent one of the few mission-driven financial institutions with an established physical presence. Rather than requiring the Enterprises to independently build local capacity, FHFA should explicitly encourage deeper partnerships with certified CDFIs through the DTS framework. Examples include increased credit for purchasing mortgages originated by certified CDFIs, credit enhancement partnerships, risk-sharing arrangements, support for loan standardization and investments that build long-term CDFI lending capacity. These activities would leverage existing community infrastructure while expanding Enterprise liquidity into markets that remain underserved.

OFN also encourages FHFA to examine opportunities for the Enterprises to provide longer-term mission capital to certified CDFIs. For example, FHFA may explore available pathways to permit carefully structured mission-related equity investments or comparable long-term capital support for certified CDFIs. Unlike secondary market purchases, which primarily provide liquidity for existing loan production, long-term equity investments or comparable forms of permanent capital would expand CDFIs' lending capacity by enabling them to leverage additional private investment, support innovative mortgage products, absorb appropriate levels of risk, and continue lending through changing economic conditions. For regulated CDFIs, additional permanent capital can also strengthen regulatory capital positions and support future growth. Because CDFIs consistently leverage eight dollars of financing for every dollar of capital received, modest Enterprise investments could significantly expand mortgage access in underserved communities while advancing the Enterprises' statutory mission.

**Evaluate New Markets Tax Credit Investments as a Complementary Tool to Advance Housing Mission**

OFN appreciates FHFA's request for comment on whether the Enterprises should be permitted to receive DTS credit for investments in the New Markets Tax Credit (NMTC) program. We encourage FHFA to further evaluate this opportunity as a complementary tool that can strengthen affordable housing and community development in underserved markets.

Although NMTC investments generally do not finance residential rental housing directly, they support the community infrastructure and economic development necessary for successful housing investment. NMTC financing helps develop health care facilities, childcare centers, grocery stores, workforce development facilities, neighborhood-serving commercial space, and mixed-use developments in low-income communities. These investments strengthen neighborhood stability, improve economic opportunity, and create the conditions that support affordable housing development and preservation, particularly in rural and persistently underserved communities where a lack of essential services and private investment can impede housing production.

Certified CDFIs are among the nation's leading participants in the NMTC program, with many serving as Community Development Entities (CDEs) that attract private investment into communities conventional markets have historically overlooked. Enterprise participation in NMTC transactions— particularly those sponsored by certified CDFIs— could broaden the pool of mission-oriented investors, attract additional private capital, improve financing for community development projects, and strengthen community-based institutions that already advance the objectives of DTS.

At the same time, OFN recognizes that any Enterprise participation should complement and not displace the existing NMTC marketplace. Because the Enterprises' statutory mission is centered on housing finance, FHFA should ensure that any NMTC authority remains closely tied to housing-related outcomes. Enterprise participation should be designed to increase the overall availability of capital rather than substitute for existing private investors or concentrate investment in only the largest transactions.

Accordingly, OFN recommends that FHFA solicit further stakeholder input and evaluate mechanisms for recognizing targeted NMTC investments as eligible DTS activities when those investments demonstrably advance housing-related community development objectives, particularly through partnerships with certified CDFIs. Such an approach would complement the proposed expansion of LIHTC investment authority, encourage more integrated community development strategies, and leverage the proven expertise of mission-driven financial institutions in deploying capital to underserved communities.

**Conclusion**

OFN supports FHFA's efforts to modernize the DTS framework and reduce unnecessary administrative complexity. OFN respectfully urges FHFA to revise the proposed rule to preserve meaningful rural accountability, especially as the agency considers expanding LIHTC authority; strengthen incentives for partnerships with certified CDFIs including equity investments into CDFIs, and evaluate how to make NMTC investments that demonstrably advance housing-related community development objectives, particularly through partnerships with certified CDFIs. We are grateful for the opportunity to submit this comment. For questions, please contact Susie Han Vice President, Regulatory Affairs at shan@ofn.org or me at dwilliams@ofn.org.

Sincerely,

Dafina Williams
EVP, Chief Policy Officer and Head of Government Affairs
Opportunity Finance Network