Hope
policy institute

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July 24, 2026

Clinton Jones
General Counsel
Attn: Comments/RIN 2590-AB64
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

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

Dear Mr. Jones:

Please find below the comments of the Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute (HOPE) in response to the Notice of Proposed Rulemaking on Enterprise Duty to Serve Underserved Markets 12 CFR Part 1282 RIN-2590-AB64 from the Federal Housing Finance Agency (FHFA).

Submitting these comments is consistent with HOPE's long-standing support for housing investments in underserved rural communities in the Deep South. We have appreciated the opportunity to engage with the Enterprises and FHFA over the years to exchange ideas on our shared goals of increasing investments into underserved rural housing markets.

We are thankful for work of the Enterprises and FHFA in their continued progress in these goals. Rooted in HOPE's more than 30 years of experience in serving the Deep South, this comment outlines concerns about how the proposed rule will widen existing capital access gaps in the region, particularly those in the most underserved and economically distressed rural communities.

About HOPE

HOPE is a credit union, community development financial institution and policy institute that provides affordable financial services; leverages private, public and philanthropic resources; and engages in policy analysis to fulfill its mission of strengthening communities, building assets, and improving lives in economically distressed areas throughout Alabama, Arkansas, Georgia, Louisiana, Mississippi, Tennessee. Since 1994 HOPE has generated nearly $4 billion in financing that has benefited over three million people.

Both HOPE's work and the regions we serve overlap significantly with the Enterprises' Duty to Serve mandates. HOPE directly increases access to housing opportunities through both homeownership and affordable rental housing. HOPE has helped over 4,000 people become homeowners by providing accessible mortgage financing in underserved areas, like rural, persistent poverty areas. And, HOPE has provided financing for thousands of units of affordable housing development through the Low Income Housing Tax Credit (LIHTC) program, also in rural and persistent poverty areas and often in combination with other federal financing tools.

HOPE's footprint comprises a substantial portion of the Enterprise Duty to Serve areas, particularly those designated as High-Needs Rural Regions under the current regulatory framework. One of the specified regions in the definition of "High-Needs Rural Region" is the Lower Mississippi Delta. Additionally, persistent poverty areas not located in the specified regions are considered High-Needs Rural Regions as well. HOPE's six-state footprint includes 45% (147) of all persistent poverty counties in the country. Of these 147 counties, 83% (119) are rural, 39% (57) are majority Black; one-third (49) have unemployment rate one and a half times higher than the national rate; and 65% (95) are in the bottom quartile of health outcomes.[1]

HOPE's greatest concern about the proposed rule is the resulting reduction in Enterprise investments in High-Needs Rural Regions. The proposed rule succinctly lays out the significant needs of High-Needs Rural Regions, noting:

> Households in high-needs rural regions as defined in the existing regulation face challenges such as a lack of affordable housing, lower wages, and limited access to credit. Private capital is often scarce due to small deal sizes, limited CRA incentives, and limited lender participation due to perceived risk.[2]

HOPE agrees with this assessment of challenges; however, as discussed herein, the proposed rule itself is at odds with meeting the needs of these very communities for the following reasons:

1. The proposed rule risks the dilution of meaningful Enterprise investments into High-Needs Rural Regions.
2. The underlying conditions supporting the need for targeted investments into High-Needs Rural Regions still persist.
3. The proposed rule puts at risk the Enterprises' ongoing commitment to work with Community Development Financial Institutions to deploy capital to underserved markets.

Additionally, the proposed changes for affordability thresholds for mortgage lending outside of High-Needs Rural Regions will likely lead to fewer loans to lower-income households.

1. The proposed rule risks the dilution of meaningful investments into High-Needs Rural Regions.

In the current regulatory framework, FHFA notes that "*high-needs rural regions and populations not only have significant needs, but also face greater barriers to investment, even compared to other rural regions*."[3] The proposed rule does not provide evidence to the contrary, and instead puts at risk strategic investments into High-Needs Rural Regions. It does so two ways:

- The removal of Regulatory and Additional Activities that establish clear, transparent, and measurable baseline goals across different investment types into High-Needs Rural Regions; and

- The collapsing of the definition of High-Needs Rural Regions into the definition of Rural writ large, such that there is no distinction between investments into High-Needs Rural Regions and any other rural areas.

The proposed rule does not provide any explanation as to how these changes will still ensure that the Enterprises will continue to invest into High-Needs Rural Regions.

From HOPE's experience, both of these changes will allow investments to bypass the hardest-to-reach rural communities in favor of those that are easier to serve. This is a pattern that repeats itself across a number of federal programs. For example, during the federal Small Business Credit Initiative (SSBCI), a program to leverage public dollars to catalyze private investments into small businesses, HOPE's analysis found that rural reach alone is insufficient in assessing reach to underserved communities. From 2010 to 2017 in Mississippi, even though 50% of SSBCI funds went to businesses in rural areas, only 28% of loans were directed to businesses in low-income rural areas.[4] Another example is Opportunity Zones (OZ). From 2019 to 2022, two-thirds of OZ investment dollars were deployed in census tracts with the most existing commercial investment (the top quintile of tracts).[5] This is more than double the percent of New Market Tax Credit (NMTC) investment with 31% going to the same tracts.[6] While both the OZ and NMTC programs are required to be deployed in areas designated based on economic distress, NMTC investments are more specifically targeted with requirements to invest in entities serving low-income communities, and a portion of those NMTC investments serving low-income areas must also be directed to non-metro areas. Without direction or incentives beyond relatively broad geographic eligibility, it is all too common for resources to flow to areas with higher growth and more pre-existing private investment.

In contrast, there is evidence that the current Duty to Serve framework is leading to increased investments into High-Needs Rural Regions, a trend which the proposed rule does not address in seeking to remove the investment requirements for these areas. For example, the Enterprises' purchases of single-family loans from High-Needs Rural Regions, as a share of their overall portfolio, more than between doubled from 2016 and 2025. Though the overall share is still small (1.2%), in real numbers, this increase is tens of thousands additional loan purchases from these regions: 18,000 in 2016 up to 24,000 in 2025, with a peak of 50,000 in 2021.[7] For the Deep South specifically, the share of loan purchases from High-Needs Rural Regions also increased from 3.7% in 2016 to 6.4% in 2025.[8] This represents a 72% increase in the share of loans from High-Needs Rural Regions purchased by the Enterprises in HOPE's footprint over the last 10 years. While there is more work to be done, HOPE commends the Enterprises for the commitment to continue exploring and expanding their ways of increasing liquidity tools to these uniquely capital strained areas of the country.

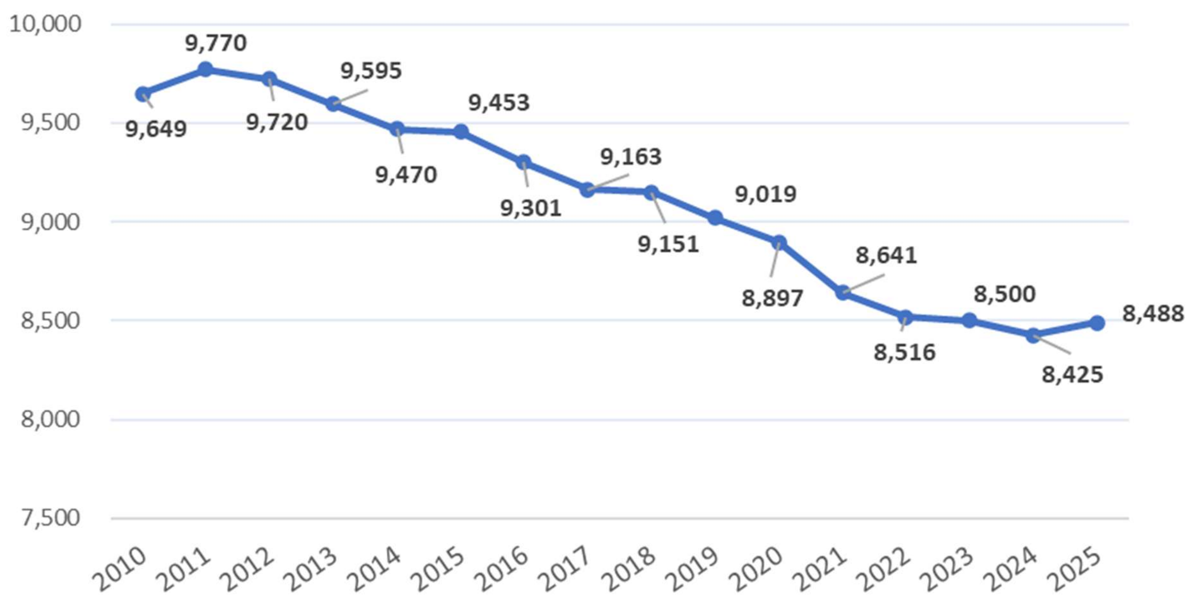
2. The underlying conditions supporting the need for targeted investments into High-Needs Rural Regions still persist.

In explaining the need for the High-Needs Rural Region designation, and required regulatory activities to match, the 2016 final rule noted that "[h]igh-needs rural regions largely overlap with areas outside of the banks' CRA assessment areas,"[9] and "FHFA chose the proposed rural regions for a Regulatory Activity because they are characterized by a high concentration of poverty and substandard housing conditions."[10]These underlying conditions justifying the need for both the High-Needs Rural Regions designation as distinct from other rural areas and the need for activities specifically targeted to them have not been alleviated. In fact, data show that in some cases they have become more challenging, further underscoring the continued importance of Enterprise investments in these communities.

For example, areas with fewer bank branches have limited incentives for bank investments pursuant to the Community Reinvestment Act (CRA). Since High-Needs Rural Regions were defined and established as a regulatory activity for Duty to Serve in 2016, bank branches in the Deep South have further declined, and thus so have banks' CRA assessment areas.

Since 2016, the Deep South more than 800 bank branches have closed. See Figure 1. Between 2010 and 2025, the Deep South has lost more than 1,100 branch branches, a 12% decline. In rural counties in the Deep South over the same time period, there was an 18% decline in bank branches.[11]

Figure 1: Bank Branches in Deep South States, 2010 to 2025



Source: Hope Policy Institute analysis of data from the Federal Deposit Insurance Corporation (FDIC) Bank find data accessed July 1, 2026 available at https://banks.data.fdic.gov/bankfind-suite/historical

A compounding consequence of reduced interest by banks to make investments in places outside of their CRA assessment areas is depressed pricing of Low Income Housing Tax Credits (LIHTC). The 2016 rule relied on a study by CohnReznick noting the strong relationship between CRA assessment areas and supply of LIHTC equity investments from banks.[12] As a result, FHFA limited the Enterprises' Duty to Serve credit for equity investments made into rural areas as a way to fill the gap in these markets. In addition, the establishment of the High-Needs Rural Region as a Regulatory Activity ensures that a baseline amount of the Enterprises' rural LIHTC equity investments also make their way into communities with higher levels of economic distress.

The proposed rule both forgoes any analysis to indicate any change in the conditions that underscore the importance of the LIHTC equity investments into underserved rural areas, and does not include any analysis of how the removal of their Regulatory Activity for High-Needs Rural Region will affect the pricing of credits in these markets. In its 2025 Annual Report, Freddie Mac noted its important role: "In high-needs rural regions, there is inherent market volatility and a limited investor base. Through our work in these markets, Freddie Mac has become a stabilizing force and reliable source of equity investment."[13] In fact, Freddie Mac has increased their LIHTC equity investments in these regions in recent years, with investments into four properties in 2019, to seven in 2023, with a high of nine in 2022, a trend not mentioned in the proposed rule.[14]

Based on HOPE's experience, the removal of a requirement for Enterprise equity investments into High-Needs Rural Regions will risk the Enterprises not making any investments at all and subsequently lead to a drop in the tax credit pricing, thus reducing the amount of investments from other private entities into these communities. The overall impact will be a reduction in the possibilities for the development of affordable housing in High-Needs Rural Regions.

While HOPE supports the proposed expansion of the Enterprise's use of LIHTC equity investments to also include preservation and to areas beyond rural, HOPE is concerned that these changes will come at the expense of economically distressed communities in High-Needs Rural Regions. To ensure that is not the case, HOPE urges FHFA to maintain Regulatory Activity requirements for investments into High-Needs Rural Regions (as distinct from all rural), even if these LIHTC equity investments can also reach a broader set of geographic areas.

3. The proposed rule puts at risk the Entreprises' ongoing commitment to work with Community Development Financial Institutions to deploy capital to underserved markets.

The current regulations explicitly delineate community development financial institutions (CDFIs) as a mechanism for the Enterprises to advance their Duty to Serve mission. The proposed rule, however, deletes the definition of CDFI entirely from the proposed regulation. HOPE urges FHFA to maintain the Regulatory and Additional Activity framework, as well as maintain the CDFI definition as a way to encourage the Enterprises' ongoing work with these institutions, particularly in underserved rural areas.

In its 2025 Evaluation Guidance, FHFA notes that working with "CDFIs that serve the rural housing market" is a measurable activity and "[a]ctions under this activity should help to increase loan purchases from CDFIs that serve rural areas, including through loan product development and associated outreach targeted to such CDFIs.[15]" Both Freddie Mac and Fannie Mae have initiatives to work with CDFIs to expand liquidity access in rural and High-Needs Rural Regions. Both are undertaken as an Additional Activity, and as such provide reporting and easy to track metrics for their performance. For example, Fannie Mae's initiative to place deposits in rural CDFIs is an innovative and promising approach to expand mortgage lending in rural areas.[16] And, Freddie Mac has formal partnerships with CDFIs, including HOPE, to expand their ability to originate affordable mortgage loans in High-Needs Rural Regions that it can then sell to Freddie Mac.

Underscoring both the importance of this work, and the unique needs of High-Needs Rural Regions, Freddie Mac noted in its 2025 Duty to Serve Underserved Markets Plan that these partnerships with CDFIs "will create channels into the secondary mortgage market for a more diverse set of lenders and could increase access to credit for more rural households. Because the flow of liquidity to these areas currently is low, our loan purchases will make a meaningful difference."[17]

HOPE is worried about the cumulative impact of the proposed rules - deletion of the CDFI definition, removal of Regulatory and Additional Activities tied to specific rural and High-Needs rural performance, and the collapsing of High-Needs Rural Regions into the broader rural definition - will undermine ongoing efforts to close well-documented gaps in secondary market access for rural areas. HOPE encourages the Enterprises to continue their work with CDFIs, as well as ensuring that any changes to the Duty to Serve rule supports it in a transparent and measurable way, particularly in efforts to expand affordable homeownership opportunities in High-Needs Rural Regions.

Proposed changes for affordability thresholds for mortgage lending outside of rural areas of persistent poverty will likely to lead to fewer loans to lower-income households

HOPE appreciates FHFA's recognition of the challenges facing High-Needs Rural Regions and supports adjusting AMI calculations in these communities, where extremely low area incomes can exclude low-income families from qualifying under traditional definitions. However, applying this change broadly to metropolitan areas would allow the Enterprises to receive Duty to Serve credit for serving higher-income households that are already well served, potentially reducing attention to lower-income families and underserved rural communities.

HOPE supports the proposed rule's adjustments to the calculation of Area Median Incomes (AMI) in High-Needs Rural Regions by allowing calculations based on the highest of the county, state non-metro, or national non-metro income to more accurately measure median income in underserved areas. However, HOPE is concerned that allowing similar changes in metro areas would allow lenders to target higher income families rather than targeting very low, low-income families who are easier to qualify and already have access to mortgage financing.

Conclusion

Without safeguards to maintain minimum activities in truly underserved areas, the proposal could shift resources away from those with the greatest needs. To advance the shared goal of expanding credit access for very low, low, and moderate income families, the Duty to Serve program should not eliminate existing incentives for the Enterprises to purchase loans and fund housing developments in High-Needs Rural Regions.

We would also like to note for the record that a 30-day comment period is too short for proposals as complex and significant as this, especially considering the current rule was developed over a seven-year period with multiple rounds of public input. This short window has limited the amount of analysis that is possible to provide to the record on the full scope of the impact of these changes.

Thank you for your consideration. Please let us know if we can provide any additional information.

Sincerely,

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[1] HOPE analysis of CDFI Fund list of Persistive Poverty Counties as of May 2024, https://www.cdfifund.gov/system/files?file=2024-05/PPC_2020_ACS_May_10_2024.xlsx

[2] FHFA Enterprise Duty to Serve Underserved Markets Proposed Rule RIN-2590-AB64 page 24; available at https://public-inspection.federalregister.gov/2026-12750.pdf?1782218725

[3] FHFA Enterprise Duty to Serve Underserved Markets Rule, 2016, https://www.fhfa.gov/document/2016-duty-to-serve-final-rule.pdf

[4] Hope Policy Institute, "The State Small Business Credit Initiative: A $3 Billion Opportunity for the Deep South, June 2, 2021," https://hopepolicy.org/the-state-small-business-credit-initiative-a-3-billion-opportunity-for-the-deep-south/

[5] Corinth, Kevin, David Coyne, Naomi Feldman, and Craig Johnson, National Bureau of Economic Research, "The Targeting of Place-Based Policies: The New Markets Tax Credit Versus Opportunity Zones" July 2025, accessed July 15, 2026 available at https://www.nber.org/system/files/chapters/c15066/c15066.pdf.

[6] Id.

[7] US Federal Housing Finance Agency, Duty to Serve 2025 Single Family Dashboard Programs Data, available at https://www.fhfa.gov/data/duty-to-serve/performance-data

[8] FHFA, Duty to Serve Single Family Dashboard, available at https://www.fhfa.gov/data/dashboard/dts/single-family/2025 (last visited July 17, 2026). State-by-state numbers of loan purchases are not available.

[9] FHFA Enterprise Duty to Serve Underserved Markets Rule, 2016, https://www.fhfa.gov/document/2016-duty-to-serve-final-rule.pdf, Page 160

[10] FHFA Enterprise Duty to Serve Underserved Markets Rule, 2016, https://www.fhfa.gov/document/2016-duty-to-serve-final-rule.pdf, Page 131

[11] Deep South states included in the analysis are Alabama, Arkansas, Georgia, Louisiana, Mississippi, and Tennessee. Hope Policy Institute analysis of data from the FDIC Bank Find database and Summary of Deposits database accessed July 1, 2026 and July 13, 2026 available at https://banks.data.fdic.gov/bankfind-suite/historical and https://banks.data.fdic.gov/bankfind-suite/SOD/branchOffice

[12] CohnReznick, The Community Reinvestment Act and Its Effect on Housing Tax Credit Pricing, 2013

[13] Freddie Mac Underserved Markets Plan 2025-2027 Duty to Serve, December 2025, available at. https://www.freddiemac.com/docs/underserved-markets-plan-2025-2027_12-11-25.pdf

[14] Freddie Mac Underserved Markets Plan 2025-2027 Duty to Serve, December 2025, available at. https://www.freddiemac.com/docs/underserved-markets-plan-2025-2027_12-11-25.pdf

[15] Federal Housing Finance Agency 2025 Duty to Serve Evaluation Guidance August 2025 available at https://www.fhfa.gov/document/d/dtsp/dts-evaluation-guidance-2025-8.pdf

[16] Fannie Mae Underserved Markets Plan 2025-2027 Duty to Serve, September 2025, available at, https://www.fhfa.gov/document/d/dtsp/fm_dutytoserveplan_2025-2027_modified_09.30.2025.pdf

[17] Freddie Mac Underserved Markets Plan 2025-2027 Duty to Serve, December 2025, available at. https://www.freddiemac.com/docs/underserved-markets-plan-2025-2027_12-11-25.pdf