



## Housing Assistance Council

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[www.ruralhome.org](http://www.ruralhome.org)

July 10, 2017

The Honorable Mel Watt  
Attention: Comments on Duty to Serve Underserved Markets Plans  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington DC 20219

Re: Duty to Serve Underserved Markets Plans

Dear Director Watt:

The Housing Assistance Council (HAC) appreciates the opportunity to comment on Fannie Mae's and Freddie Mac's Duty to Serve Underserved Markets Plans for Rural Markets. The Housing and Economic Recovery Act of 2008 mandates that Fannie Mae and Freddie Mac have a "Duty to Serve" three traditionally underserved markets of: Rural Housing, Manufactured Housing, and Affordable Housing Preservation. The Enterprises (Fannie Mae and Freddie Mac) are tasked with increasing liquidity and investment capital in these markets.

HAC is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC has been helping local organizations build affordable homes in rural America since 1971. HAC emphasizes local solutions, empowerment of the poor, reduced dependence, and self-help housing strategies. HAC assists in the development of both single- and multi-family homes and promotes homeownership for low-income rural families. HAC previously commented on the 2009 Advanced Notice of Proposed Rulemaking, the 2010 Proposed Rule on Duty to Serve, and the 2016 Final Duty to Serve Rule. HAC is pleased that the Federal Housing Finance Agency (FHFA) and the Enterprises are now preparing the final implementation of Duty to Serve. With over 45 years of service to public, nonprofit, and private organizations throughout the rural United States, HAC is uniquely positioned to provide comments and insights on the underserved market plans.

Given its organizational focus on rural housing, HAC has focused largely on the *Rural Markets* component of the plans. HAC will present comments on each Enterprise's plan separately. After the Enterprise-specific comments, HAC presents general comments and suggestions to the Enterprises and FHFA on issues of rural multifamily housing and preservation.

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**HAC is an equal opportunity housing lender and provider.**

## **GENERAL COMMENTS REGARDING THE PROPOSED UNDERSERVED MARKETS PLANS**

As a strong advocate for the Duty to Serve provisions of the Housing and Economic Recovery Act of 2008, HAC appreciates the time, effort, and resources FHFA, Fannie Mae, and Freddie Mac have undertaken to develop these underserved market plans. The core of HAC's work for over four decades has been rural and underserved communities. HAC understands the complexities and difficulties of working in these communities. HAC also understands the promise and possibility of Duty to Serve to affect real and measurable change in these long overlooked and largely forgotten communities and people. We appreciate that FHFA and the Enterprises have not forgotten them, and we look forward to assisting you and the Duty to Serve effort generally to achieve its mandate to improve liquidity and access to affordable housing in underserved markets.

**Eschew the Norm.** In many respects, the Enterprises' current products are not well-suited for many rural markets, as evidenced by their low activity and the congressional mandate itself. Within their plans, both Enterprises frequently use the terms "scalability" and "standardization." While these elements are central to many of the Enterprises' current business practices and processes, they are generally not conducive to the sizing and spatial dynamics of rural markets. HAC suggests the Enterprises challenge their own convention for Duty to Serve in general, but especially in the rural markets effort. New and creative approaches are needed to fully achieve the goals of Duty to Serve in rural areas.

**Duty to Serve and Safety and Soundness Can Complement One Another to Improve Mortgage Access in Rural Communities.** HAC and our rural stakeholders understand the importance of operating in a safe and sound manner when extending financial services. Careful evaluation combined with improved data collection will help ensure a safe and sound operation of the Enterprises while simultaneously reducing risk and helping stimulate quality housing development for low-income families in rural markets.

**Strong Support for Partnerships.** Within their respective plans, the Enterprises propose to partner with existing housing providers including local, regional and national nonprofits, tribes, and Community Development Financial Institutions (CDFIs) who already work in these communities. HAC strongly supports this approach and encourages the Enterprises to maximize these strategic partnerships within their Duty to Serve efforts in rural communities. These entities have the experience, local trust, and insights to help Fannie and Freddie meet their duty in these often hard to reach areas. Community-based and mission-aligned organizations are all too often the only local organizations providing affordable housing for low-income people in rural areas. Rural housing developers often face difficult problems that may not be as prevalent in urban areas: lack of financial institutions, limited access to markets, and insufficient infrastructure can hinder the development of affordable housing in rural areas. Working within these limitations, community-based organizations are the essential connections that transform public and private funding into affordable homes.

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**Rural America Needs Investment, and is Worthy of Investment.** HAC's experience is that rural communities – even the most challenged – to be largely credit-worthy and ripe for investment, provided that relationship building and an understanding of rural nuance is in place. Rural America is large with many different housing markets. To make Duty to Serve a success across this wide spectrum, Fannie Mae and Freddie Mac will need to better understand these often-forgotten markets, and commit meaningful efforts and investment.

#### **SPECIFIC COMMENTS ON FANNIE MAE'S PROPOSED UNDERSERVED MARKETS PLAN**

##### **Regulatory Activity: Housing in High-Needs Rural Regions (12 C.F.R Section 1282.35(c)(1)).**

##### *Objective #5. Increase the purchase volume of single-family loans in high-needs rural regions.*

HAC directed particular attention to Fannie Mae's plan for the purchase of single family loans in rural high need areas. While all the components of Fannie Mae's plan are important, purchases are at the core of their business model.

Fannie Mae estimated a baseline for high need purchases on the number of loans purchased over the last three years in high needs regions at 10,015 loans. Fannie Mae estimates between 10,250 and 10,500 loan purchases in year one, 10,500 to 11,000 loans in year two, and 12,500 to 13,000 loans in year three. Fannie Mae states it is following FHFA's guidance of using three-year average data on purchases to set a baseline.

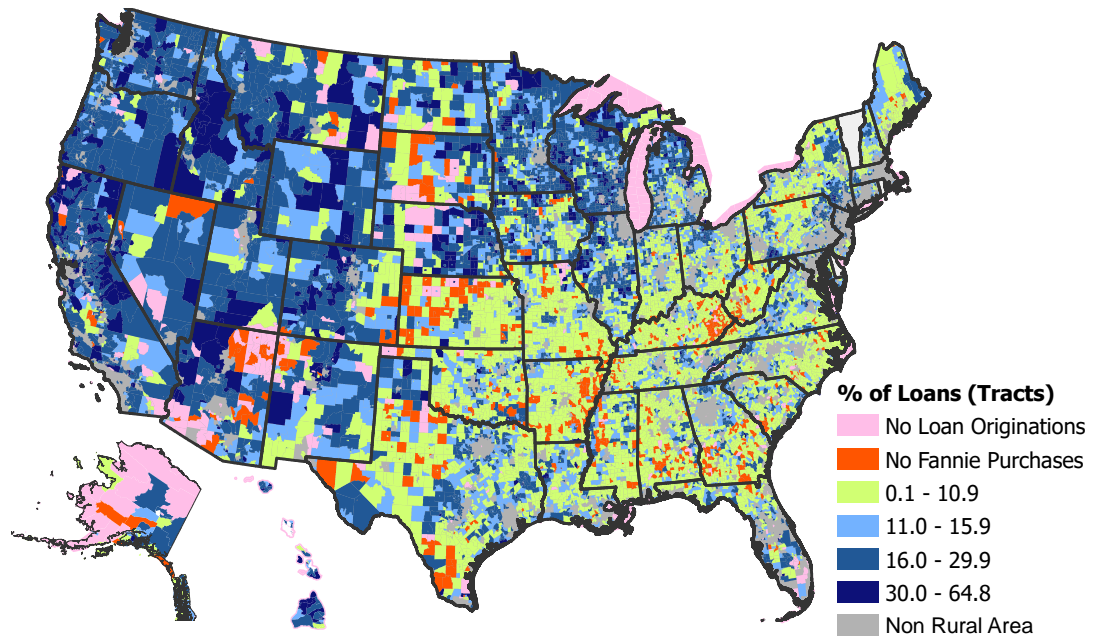
HAC agrees that a three-year average of past activity is an appropriate indicator to help establish a baseline for performance under this objective and regulatory activity. However, HAC believes the baseline equation for purchases should also include some components of market activity as an element of this rating factor.

For calendar years 2013, 2014, and 2015 (the most recent years public data are available) Fannie Mae purchased 35,689 loans from a total of 310,888 mortgage loans originated in high need rural areas of Central Appalachia, the Lower Mississippi Delta, the Border Colonias, and rural persistent poverty counties, accounting for approximately 11 percent of all originations in these areas.

For the same three-year period, HAC estimates that approximately 15.7 percent of all home purchase originations in the Duty to Serve rural identified market were made in these same high need markets. The map below helps illustrate the ratio of Fannie Mae's activity in these high need areas to total home purchase originations from 2013-2015.

## Fannie Mae Rural Purchase Activity, 2013-2015

Fannie Mae Purchases As A Percent Of All Mortgage Originations, 2013- 2015



Source: Housing Assistance Council (HAC) Tabulations of 2013 - 2015 Home Mortgage Disclosure Act Data

To view a full-size copy of this map please visit: <http://www.ruralhome.org/whats-new/menu-policy/mn-dts>

HAC recommends that the baseline figure for mortgage purchases also include a factor of the overall mortgage activity in these areas, in addition to Fannie Mae-specific purchase activity. An example of a modest benchmark would be an adjustment factor for the share mortgage activity in a high need area relative to the overall rural market. For example, if 16 percent of total rural mortgage activity occurred in high need areas, then Fannie Mae's original year-one baseline of 10,015 would be multiplied by .16 to account for a total market adjustment factor. This adjustment results in an additional 1,602 purchases to establish a baseline of 11,617 for year one.

HAC is not specifically suggesting this particular approach, rather that some element or indicator of market activity also needs to be included in baseline determinations. Additionally, this is a general example for all high need regions, and baselines should more appropriately be calculated for the geography of each region (which Fannie Mae did calculate for other objectives within this activity). HAC's primary intent with this example is to illustrate the need and importance of relative market dynamics to Fannie Mae's



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proposed baseline. With access to more data and information, HAC is willing to assist FHFA and Fannie Mae further develop their baseline estimates.

HAC also recommends that Fannie Mae and FHFA present not only aggregate purchase annual results for high need rural areas, but also more granular census tract or geographic presentations (similar to the above referenced map) so that the public can gauge and better assess the location and concentration of purchase activity in their regions and communities.

***Objective #1. Conduct outreach and market research through engagements with single-family and multifamily lenders and cross-functional industry representatives to identify and analyze market challenges, provide information about lending products, facilitate the delivery of loans, and maintain a communication feedback loop to facilitate a continuous improvement process.***

The regulation allows for engagement and outreach to communities to better understand their needs in crafting strategies and plans. These outreach efforts are particularly important in high need rural regions as Fannie Mae's traditional activity in these markets has been limited. HAC strongly supports this effort and generally agrees with Fannie Mae's multifaceted approach. HAC reiterates the vital inclusion of local nonprofit and community-based partners, as well as national and regional intermediaries, as they bring an unparalleled level of knowledge and experience related to the unique conditions and markets in these regions. Their participation is integral to the success of Duty to Serve in high need rural regions.

HAC supports Fannie Mae's proposal to establish the Rural Housing Advisory Board and regional subcommittees. However, we suggest these bodies be treated as meaningful working entities with quarterly or six-month interim meetings and dialogue.

***Objective #2. Establish dedicated staff located within high-needs rural regions.***

HAC supports and applauds Fannie Mae's proposal to establish dedicated staff for each of the identified high need rural regions. The high need rural regions and populations have many shared indices of economic distress and lack of mortgage access. Yet they differ in terms of demographic and cultural composition, geography, and economies. Given these fundamental differences, HAC supports individual policy prescriptions and strategies. HAC recommends that Duty to Serve be the primary focus of any such dedicated staff.

HAC also commends and supports the presentation of individual objectives in Fannie Mae's proposed plan for each of the identified high need rural regions.

***Objective #3. Perform market research, analyze Fannie Mae's portfolio specific to high-needs rural regions, distribute findings, and develop protocols to identify colonias beyond county-based definitions.***

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HAC supports this objective as originally posited in our comments to the final Duty to Serve rule. Quality data and information are essential to the understanding and betterment of housing conditions. Unique geography and population characteristics impose constraints on the quality of data in more sparsely settled rural areas, and even more so in the identified high need rural areas. Data for rural areas is frequently suppressed, or even omitted, from many surveys and information sources. Accurate and timely information about rural markets would greatly enhance Fannie Mae's ability to fulfill their duty to serve rural markets more efficiently and with greater foresight.

While the presentation of analyses and reports are important, we increasingly work in a data-driven world. HAC recommends that Fannie Mae also publish data or develop a specific module on rural Duty to Serve activity through their existing public data platform, *Fannie Mae Single-Family Loan Performance Data*. This tool and utility would allow communities and stakeholders to assess progress as well. In addition, we encourage Duty to Serve Credit for the development of limited experimental approaches to data or products as a way to bring innovation to areas where it is most needed.

The Housing Assistance Council has been at the forefront of rural housing research and market analyses for decades. We are willing to assist Fannie Mae and FHFA with this objective, and within this realm generally.

**Regulatory Activity: Housing for High-Needs Rural Populations (12 C.F.R Section 1282.35(c)(2)).**

*Objective #2. Update, rebrand and market Fannie Mae's Native American Conventional Lending Initiative (NACLI) single-family loan program, and purchase NACLI loans.*

HAC agrees with the stated assessment that conventional lending on Native American Lands is nearly nonexistent. Therefore, for this particular High-Needs Rural activity, a more robust baseline assessment should be waived in the early years to allow implementation.

HAC also encourages Fannie Mae to investigate and further develop memoranda of understandings with tribes. HAC suggests credit be extended to the Enterprises for research and development of memoranda of understanding guidance to help facilitate increased mortgage access and activity on Native American Lands.

**Regulatory Activity: Financing by small financial institutions of rural housing (12 C.F.R. Section 1282.35(c)(3)).**

As stated in HAC's comments on the Final Duty to Serve Rule, HAC supports Enterprise loan purchases from small financial institutions (those having below \$304 million in assets) and generally agrees with Fannie Mae's stated objectives within this activity.

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Within this support, HAC continues to recommend modifications to baseline calculations that incorporate the inclusion of market activity (as presented in Regulatory Activity 1, page 4).

HAC also wishes to comment on the provision of Fannie Mae's small financial institution plan that states: "Loan volume increases may include loans for manufactured housing titled as real estate or personal property." While the elements of personal property lending are largely being addressed elsewhere in the Enterprises' proposed market plans, Fannie Mae should not receive Duty to Serve credit for the purchase of any loan, regardless of institution size, that is considered "high cost," or is otherwise predatory in nature, such as loans that charge more in interest and fees than covers the associated risk, contain abusive terms and conditions, and do not take into account the borrower's ability to repay.

Finally, HAC suggests that the Enterprises receive extra credit for purchases from small financial institutions that are minority owned, such as Native American owned banks. While not numerous, these entities play an important financial role, especially in many rural high need communities.

**Regulatory Activity: Small multifamily rental properties in rural areas (12 C.F.R. Section 1282.35(c)(4)).**

***Objective # 1. Identify market opportunities, lenders, and other partners and product(s) to prepare to proactively purchase small multifamily loans and purchase loans.***

HAC commends Fannie Mae for their plans to support or purchase small multifamily loans – notably refinance opportunities for USDA Section 515 and Section 538 loans. These two products are vital to the affordable rental housing stock in many rural communities.

HAC provides additional general comments to both enterprises at the end of this letter on pages 12-14.

**SPECIFIC COMMENTS ON FREDDIE MAC'S PROPOSED UNDERSERVED MARKETS PLANS**

**Regulatory Activity: Housing in High-Needs Rural Regions (12 C.F.R. Section 1282.35 c (1)).**

***Objective A. Increase Single-Family Purchase Loan Share in High-Needs Rural Regions***

HAC directed particular attention to Freddie Mac's plan for the purchase of single-family loans in rural high need areas. While all components of the plan are important, purchases are at the core of their activity.

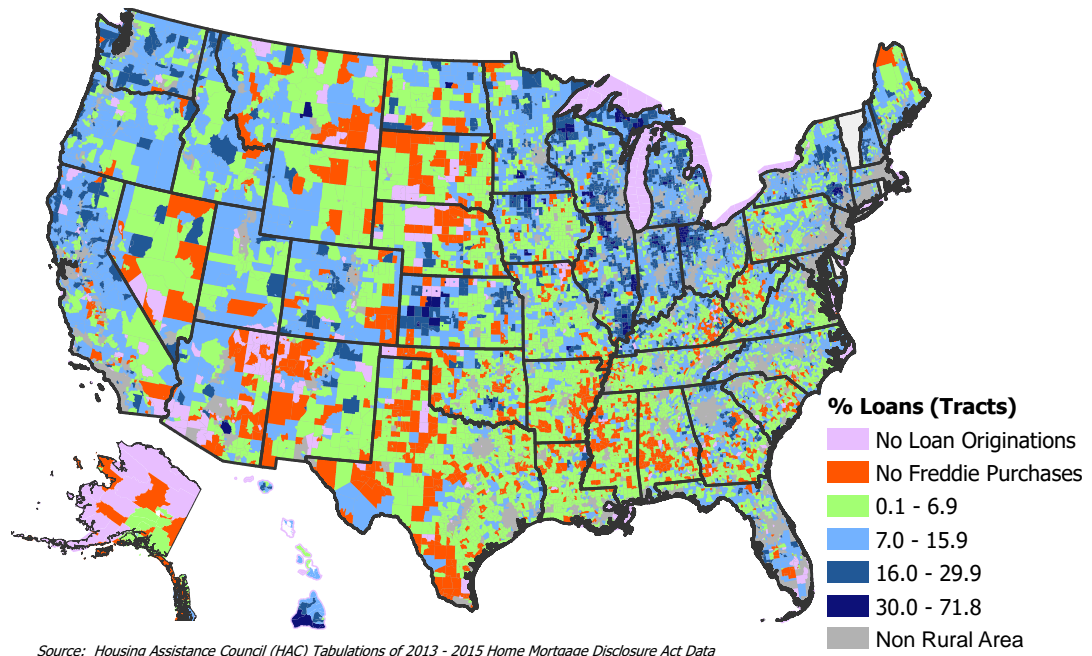
Freddie Mac presented a baseline for high need purchases on share of loans purchased in high need areas in 2016 (4.97 percent). Freddie Mac's share of purchases in their identified high need regions ranged from 5.52 percent in 2013 to 4.97 percent in 2016. Freddie Mac states they are establishing their baseline at their 2016 level of 4.97 percent because their purchase activity in these areas has been decreasing over the short term.

HAC notes that Freddie Mac's presentation of their overall share of purchases to loans is an improvement on Fannie Mae's presented baseline methodology for the same activity. However, Freddie Mac's baseline is still relatively unidimensional, relying solely on its share of its total purchases as the baseline includes no consideration for their relation to market dynamics. HAC believes the baseline equation for purchase goals should also include relevant rural market activity as an element of this rating factor. Furthermore, Freddie's stated baseline methodology generally lacks ambition and sets the bar low for its efforts to increase liquidity in high need rural areas.

Between 2013 and 2015, HAC estimates that approximately 15.7 percent of all home purchase originations in the Duty to Serve rural identified areas were made in high need markets. The map below helps illustrate the ratio of Freddie Mac's activity in these high need areas to total home purchase originations from 2013 to 2015.

### Freddie Mac Rural Purchase Activity, 2013-2015

Freddie Mac Purchases As A Percent Of All Mortgage Originations, 2013-2015



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To view a full size copy of this map please visit: <http://www.ruralhome.org/whats-new/menu-policy/mn-dts>

HAC recommends that the baseline figure for mortgage purchases also include a factor of the overall mortgage activity in these areas, in addition to Freddie Mac-specific purchase activity. A modest benchmark would be an adjustment factor for the share of mortgage activity in a high need area relative to the overall rural market. For example, if 16 percent of total rural mortgage activity occurred in high need areas, then Freddie Mac's original year-one baseline of 4.97 of total high need area activity would be multiplied by .16 to account for a total market adjustment. This adjustment would result in an additional .795 percent and would establish a baseline of 5.77 percent of Freddie Mac's total purchase activity.

HAC is not specifically suggesting this particular approach, rather that some element or indicator of market activity also needs to be included in baseline determinations. Also, this was a general example for all high need regions, and baselines should more appropriately be calculated for the geography of each region HAC's primary intent with this example is to illustrate the need and importance of relative market dynamics to their baseline. With access to more data and information, HAC is willing to assist FHFA and Freddie Mac further develop their baseline estimates.

HAC additionally recommends that Freddie Mac and FHFA present not only aggregate purchase annual results for high need rural areas, but also more granular census tract or geographic presentations (similar to the above map) so that the public can gauge and better assess the location and concentration of purchase activity in their regions and communities.

Finally, HAC suggests that Freddie Mac expand their purchase goals to more directly address each of the high need regions specifically. While Freddie Mac mentions examples and elements of the high needs regions, a more detailed plan on the specifics of purchases in these areas is warranted. The high need rural regions (and populations) have many common elements of economic distress and lack of mortgage access. Yet they differ in terms of demographic and cultural composition, geography, and economies. Given these fundamental differences, HAC recommends the development and inclusion of individual goals and strategies for each of the high need areas.

### ***Objective C. Increase Future Homebuyer Access to Education and Resources***

HAC applauds Freddie Mac for inclusion of education and counseling as this was a recommendation in HAC's comments for the Duty to Serve Final Rule. While HAC generally agrees with the content for action in this objective, we believe the scale and number of activities (trainings and support of education services) are somewhat limited given the geographic scope and size of the regions and magnitude of the problem. HAC does not believe the activity as presented warrants a score of 50. HAC believes the number of

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trainings and education support should be expanded significantly in each year to receive such a score.

***Objective H. Purchase Loans on USDA Section 515 Properties***

HAC commends Freddie Mac for the attention and emphasis given to USDA's Section 515 rural rental housing product and preservation of those affordable units in its plan. While Freddie Mac's research and presentation on this issue exceeds Fannie Mae's plan, Freddie Mac rightly notes this is a complex issue that will require more research and learnings from actual transactions. While some elements of Freddie Mac's product offering and purchase goals are still unclear, we urge them to continue their interest and focus on this aspect of the rural underserved markets plan as public and private commitment to this issue will be vital in the coming years as the number and rate of Section 515 maturing mortgages expands exponentially.

HAC provides additional general comments to both enterprises at the end of this letter on pages 11-13.

**Regulatory Activity: Housing For High-Needs Rural Populations (12 C.F.R. Section 1282.35(c)(1)).**

HAC generally agrees with Freddie Mac's objectives regarding high need rural populations. We appreciate Freddie Mac's stated activities to help them, and their partners, better understand dynamics among rural Native American communities and populations. However, in HAC's estimation, Freddie's Mac's plan is largely dominated by outreach and training elements. While these components are important and necessary – especially in these markets, we believe the target scores for these areas should be weighted less than purchases and transactions in this realm.

Finally, while HAC appreciates Freddie Mac's attention to rural Native American issues and strategies, we are disappointed that their plan for high need populations is largely devoid of mention or action for rural farmworkers. We encourage Freddie Mac to, at the least, bolster their plan's outreach efforts to the rural farmworker community. The Housing Assistance Council stands willing to assist Freddie Mac in these efforts.

**Regulatory Activity: Financing by Small Financial Institutions of Rural Housing (12 C.F.R. Section 1282.35(c)(3)).**

***Objective A. Increase Rural Purchase Share from Small Financial Institutions***

As stated in HAC's comments on the Final Duty to Serve Rule, HAC supports Enterprise loan purchases from small financial institutions (those having below \$304 million in assets) and generally agrees with Freddie Mac's stated objectives within this activity. Within this tacit support, HAC continues to recommend modifications to baseline

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calculations that incorporate the inclusion of market activity (as presented in Freddie Mac's Regulatory Activity 1, page 9 of these comments).

Finally, HAC reiterates the suggestion that the Enterprises receive extra credit for purchases from small financial institutions that are minority owned, such as Native American owned banks. While not numerous, these entities play an important financial role, especially in many rural high need communities.

**Regulatory Activity: Small Multifamily Rental Properties in Rural Areas (12 C.F.R. Section 1282.35(c)(4)).**

*Objective A. Develop Rural Mapping Service.*

HAC supports Freddie Mac's objective to develop and make available a rural mapping service for their multifamily activities. The ability to define "rural" and identify rural areas can be a complicated task, even for sophisticated data users and large firms or entities. We applaud Freddie Mac for proposing to make this service available to stakeholders as well as its stated goal of ease of use and simplicity.

Access to this accurate and timely information about rural markets would greatly enhance Freddie Mac's and stakeholders' ability to address their multifamily activities and objectives. HAC believes, however, the objective warrants a target score of 40, rather than 50, because Freddie Mac would require such a tool in the course of their Duty to Serve business.

**Additional Activity: Single-Family Rental in Rural Markets (5)).**

Freddie Mac rightly notes the presence and importance of single-family rental homes to rural markets. This arrangement is important in many rural communities and likely constitutes a substantial, but often overlooked, segment of unsubsidized and affordable housing in many rural markets. HAC believes Freddie Mac's outreach and research will help fill a void in the understanding of this market segment that may provide some useful strategies and products. HAC has no particular objection to the product proposal to purchase investor portfolios of single-family rentals in rural areas; however, we do not have enough information to comment on the viability of that activity.

**HAC SUGGESTIONS TO THE ENTERPRISES ON RURAL MULTIFAMILY ISSUES AND PRESERVATION**

HAC presents several suggestions to how the Enterprises can extend support for rural multifamily housing programs. These suggestions also represent HAC's comments for the Housing Preservation market for Duty to Serve.



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### **USDA Section 515 Rural Rental Housing Loans**

The Enterprises cannot currently purchase Section 515 loans as they are held in portfolio by USDA. Nevertheless, the Enterprises could be helpful in encouraging preservation of aging USDA-financed properties that need renovations and repairs, and those with maturing mortgages, under both Section 515 and Section 538. Their role may be especially important because, although Fannie Mae's plan notes that "USDA has placed a high priority on preservation of the Section 515 stock," it is not yet clear whether that priority will continue under the current administration.

To assist with preservation of affordable rental properties financed with Section 515, the Enterprises should receive credit for purchasing loans – including those guaranteed under the Section 538 program – that finance rehabilitation of such properties, and those that enable continued operation with use restrictions of properties when Section 515 or off-farm Section 514 mortgages are in danger of being prepaid or expiring.

These purchases should include loans made when an existing Section 515 mortgage is being reamortized in order to keep it in place rather than letting it expire. Retaining the Section 515 mortgage, which can be subordinated to new debt, is a significant advantage because USDA Section 521 Rental Assistance is available only to properties with USDA loans under Section 515.

It can be difficult to find financing to preserve small properties, and in most rural areas there are few or no properties with more than 30 units (properties in the Section 515 program average 30 units). Extra credit should be offered for loans that would help preserve such very small multifamily properties, including those that were not originally financed by USDA. Since preservation may be most effective when several small properties are "bundled" into a single portfolio or a scattered-site property for purposes of sale and/or rehabilitation, the Enterprises should be encouraged to purchase loans made on such bundles.

Some lenders might be willing to participate in Section 515 preservation if they had a better understanding of what was involved, or if they were connected to potentially eligible borrowers. The Enterprises could facilitate preservation by offering education and training for lenders, and by helping buyers, sellers, and financial resources find each other.

Rural preservation deals, like others, may involve numerous financing sources and complex underwriting. Unlike others, however, rural deals cannot offer the economies of scale or the profit potential needed to attract financing or tax credit equity from large commercial lenders. Community Development Financial Institutions and other mission-driven lenders are significant players in this arena, but their ability to participate is limited by the time and labor required to participate. The Enterprises could help underwrite their costs or could share the costs by lowering fees.



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Enterprise involvement with USDA and state agencies could facilitate rural preservation transactions involving Low Income Housing Tax Credits and other funding from state agencies. The Enterprises could help additional states develop rural set-asides for 9 percent tax credit funding, as well as funding reserves to help close gaps in deals using 4 percent tax credits and/or bonds deals.

### **LIHTC Investments in Rural Areas**

In its comments to the final Duty to Serve Rule, the Housing Assistance Council recommended that FHFA allow the resumption of LIHTC investments in rural areas. HAC did not comment specifically on LIHTC activities in other non-rural markets. HAC also is not commenting on the specific details of the Enterprise's proposed LIHTC activities in their underserved markets plans. However, HAC still generally supports Enterprise LIHTC investments in rural areas, if allowed by FHFA, particularly if tax reforms make LIHTC investments less attractive to others.

LIHTC investments are currently made in rural areas, but they are not as widely utilized in rural markets as in cities and suburbs for a range of reasons, notably scale, costs, and the relatively small size of markets. In the current federal spending climate, LIHTC investment is essential for preservation of rural rental housing. As domestic discretionary appropriations face pressures imposed by Budget Control Act spending caps and legislators' desires to reduce federal spending, LIHTC will only become more important.

The incentive of Duty to Serve credit will help the Enterprises and their significant resources spur innovation and energy to make LIHTC work more effectively in and for rural markets. Recently numerous articles and analyses have described the concentration of LIHTC in low-income and poverty-concentrated neighborhoods. The extension of LIHTC investments in rural areas would also help diversify the geographic concentration of this important source of affordable housing. HAC agrees with other commenters that the Enterprises should not reenter LIHTC investing solely for the sake of making deals in available markets. HAC believes appropriate oversight and safe and sound operations will safeguard against such misdirection. But the dearth of quality rental housing in rural areas, combined with USDA's maturing mortgage crisis, is so substantial that rural renters, in particular, need all the resources they can garner.

### **CONCLUSION**

HAC is pleased to have this opportunity to comment on the proposed Duty to Serve Underserved Markets Plans. As a long-time supporter, developer, and advocate of affordable housing in rural America, HAC wishes to see Duty to Serve work for all of those involved, and ultimately meet its intended goal of increasing liquidity and access to affordable housing nationwide. We thank FHFA and the Enterprises, and are willing to assist in any way that we can towards the implementation of this important effort. Please do not hesitate to contact me if you need additional information or clarification of our comments.

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Sincerely,

A handwritten signature in black ink, appearing to read "Moises Loza", with a long horizontal flourish extending to the right.

Moises Loza  
Executive Director