

July 19, 2022

The Honorable Sandra L. Thompson  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street SW  
Washington, DC 20219

Dear Director Thompson:

On behalf of Opportunity Finance Network (OFN), the leading network of over 370 community development financial institutions, I would like to thank you for your efforts to improve and strengthen Fannie Mae and Freddie Mac's (the GSEs) Duty to Serve (DTS) plans. OFN was pleased to see the Federal Housing Finance Agency (FHFA) reject an initial draft of the plans earlier this year and to see the improvements made to both plans that were ultimately approved this spring. The Duty to Serve plans are critical to ensuring equitable access to our nation's housing finance system. These plans, along with the new equitable housing finance plans and the contributions the GSEs make to the National Housing Trust Fund and Capital Magnet Fund, are all vital to addressing America's housing finance needs. We were pleased to see an increased commitment to serving all target markets in the final plans.

In particular, OFN strongly supports the proposal in Fannie Mae's Duty to Serve plan to explore equity investments into CDFIs. This is a key priority of the CDFI industry, and we are proud to see it move forward after years of advocacy. We strongly encourage both FHFA and Fannie Mae to adopt a plain language interpretation of the statute, Congress set out "investments" as one of four explicit criteria to reach underserved markets. We encourage FHFA to clarify their interpretation of the statute as quickly as possible to allow the GSEs to make targeted equity investments.

These targeted equity investments would make a tremendous difference in all three Duty to Serve markets and help Fannie Mae reach their goals. Equity investments are uniquely valuable to allow CDFIs to scale and to be able to meet the unique needs of their communities. Relatively small equity investments can have an outsized impact on improving liquidity in DTS markets in underserved communities. There has been an assumption that products and services that are targeted to reach our poorest communities and communities of color are inherently going to pose risks to the entirety of the housing finance system, but this assumption is not based on actual data. CDFIs, including several OFN members, have been working in these markets for decades and have the track record to successfully lend and develop the products and services needed to serve the housing needs of underserved communities. However, these CDFIs still need access to the capital and liquidity that is abundant with the GSEs. We are pleased to see FHFA under your leadership reexamine these assumptions to better serve the target communities. OFN stands ready to assist FHFA and Fannie Mae in any way as they explore this pilot.

After two challenging years that included unprecedented natural disasters, mass social unrest, and the COVID-19 pandemic, we are seeing in real time how the damage from disasters and disease are magnified when coupled with poverty, racism, and inadequate, unsafe housing. FHFA has a pivotal role in ensuring equitable access to affordable housing and the CDFI industry is the partner



FHFA and the GSEs need to meet this goal. We look forward to continuing to work with FHFA and the GSEs to address these important challenges and greatly value our partnership.

Sincerely,

Jennifer A. Vasiloff  
Chief External Affairs Officer  
Opportunity Finance Network