



June 21, 2021

The Honorable Mark Calabria
Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street SW, DC 20024

Dear Director Calabria,

On behalf of the more than 5,000 members of the Montana Association of REALTORS® (MAR), thank you for the opportunity to provide comments in response to the Request for Input issued by FHFA regarding modifications to eligibility requirements for mortgages in condominium projects with a significant presence of second homes. These changes could have some inadvertent but long-term, negative consequences for second home and resort area real estate markets. This is of particular concern in Montana where the second home market is growing, not in least because our aging population increasingly seeks to purchase a second home to eventually downsize into as their primary dwelling.

MAR has several specific concerns with these modifications to condo lending rules, including:

- These modifications could limit and restrict financing options in markets with large numbers of second homes or projects with a relatively high shares of second homes. This will affect not just second homeowners in these projects but primary homeowners as well.
- The modified rules contain ambiguous and undefined language that could complicate Fannie Mae's designation process, such as what constitutes "seasonal rental" and how long an owner needs to reside in the property. A related concern is that projects that are "primarily transient in nature" are ineligible, but it is unclear exactly how this rather vague term will apply to condo projects. For example, if 51% of the owners have their mail sent to an off-site address, does that mean the project is "primarily transient" and thus ineligible?
- Fannie Mae leaves the determination up to lenders who may not have the skill or desire to fully review all relevant information relating to a designation of a specific property.
- Condo boards and Homeowners Associations (HOAs) do not have any way to appeal or contest Fannie Mae's designation of their property, examine their lender review, or provide additional input that could change Fannie Mae's decision or assessment of their project.

We encourage FHFA to work with Fannie Mae to change language for short-term rentals that negatively impacts second homeowners, to more clearly define the unclear language cited in our comments, and to create a process so that condo projects or HOAs can contest a lender-certified denial.

Thank you again for your consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Candis Dorsch". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Candis Dorsch
President, Montana Association of REALTORS®