



July 1, 2021

Sandra Thompson
Acting Director, Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street SW, 9th Floor
Washington, DC 20219

RE: Request for input: Short Term Rental Units in Condominium, Cooperative, and Planned Unit Development Projects

Dear Acting Director Thompson:

Hilton Head Area REALTORS® appreciates the opportunity to provide information and comments in response to the recent Request for Input on Short Term Rental Units in Condominium, Cooperative, and Planned Unit Development Projects. On October 7, 2020, Fannie Mae modified its lending rules to tighten parameters on whether or not the GSE will lend in properties with significant short-term rentals and hotel-like amenities, known as condo-tels.

Hilton Head Area REALTORS has several concerns about these modifications to Fannie Mae's condo-lending protocols, including:

- The modified requirements 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.
- The modifications to the single-family guides that could limit and restrict financing options in markets with large numbers of second homes or projects with high shares of second homes, even though these specific properties may have excellent underlying loan values.
- By leaving the determination of eligibility of projects up to lenders who may not have the skill or expertise to review all relevant information relating to a designation of a specific property, further harm is imposed on potential buyers and the communities through inaccurate or incomplete eligibility determinations.
- Condo boards and Homeowners Associations (HOAs) do not have a way to appeal 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.

With approximately 6500 short term rentals in our area, limiting the available lending could negatively impact the future of the area's tourist industry. The Hilton Head area relies on the home and villa rentals to accommodate a majority of the 2.7 million tourists that visit each year.

Hilton Head Area REALTORS®

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Fannie Mae should carefully review all comments received in response to this RFI and make changes necessary to ensure these modifications help manage Fannie Mae's portfolio risk without unduly harming the economies that rely on resort and second-home real estate activity.

Sincerely,

A handwritten signature in black ink that reads "Shaun McTernan". The signature is written in a cursive, flowing style.

Shaun McTernan

2021 President

Hilton Head Area REALTORS