



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:

Coastal Carolinas Association of Realtors® (CCAR) 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.

CCAR 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.

Our organization represents 4,700 Realtor® members across Horry and Georgetown counties in South Carolina. We experience a high concentration of resort and second homes due to the longstanding popularity of the Grand Strand. These home projects are crucial to our local economy and make up a large percentage of our real estate market. However, as the nation's second fastest growing Metropolitan Statistical Area, our area is also home to a prospering year-round population.

If the concerns outlined above are not addressed, these modifications will have a catastrophic affect on our real estate market here locally and across the state of South Carolina. With the ongoing housing shortage, condos are often the only option available in our area for first-time homebuyers and those looking to use the GSE's for financing. Adding further regulation to an already tight market will exacerbate the housing crisis.

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, appearing to read 'Adam Cates', with a stylized flourish at the end.

SignNow e-signature ID: dc05305349...

07/02/2021 14:08:17 UTC

Adam Cates, Realtor®, CCIM

CCAR President