



Taylor Smith  
Austin Board of REALTORS®  
4800 Spicewood Springs Rd.  
Austin, TX 78759

June 29, 2020

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

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

Dear Acting Director Thompson:

The Austin Board of REALTORS® (ABoR) 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.

ABoR 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.

In addition, ABoR has concerns about the long-term impact these modifications will have on our already strained housing market. With the demand for housing continually outpacing supply in Central Texas, now is not the time to create new barriers to housing. Condominiums are often the most affordable homeownership option for many first-time buyers, small families, single

people, and older Central Texans. Instead of creating barriers that prevent homeownership, Fannie Mae should adopt lending rules to ensure that more homeowners will be able to sell their units, and homebuyers will have more opportunities to buy affordable properties, regardless of if the properties have significant short-term rentals and amenities.

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 "Taylor Smith". The signature is fluid and cursive, with a long horizontal stroke at the end.

Taylor Smith  
Senior Policy Advisory  
Austin Board of REALTORS®