



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of March 31, 2025

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## Section 103 Dedicated Student Housing Property

### 103.01 Eligible Property Characteristics

#### Requirements

You must ensure that a Dedicated Student Housing Property:

- caters to a campus with at least 10,000 students, the majority of whom are full-time students;
- is
  - located within 2 miles of a campus boundary line, as determined by the local municipality, or
  - near a college/university-sponsored transportation line; and
- has operated for at least 1 full school year (i.e., August/September through April/May).

#### Guidance

The Dedicated Student Housing Property should have stabilized occupancy no later than the month preceding the start of the first semester/quarter of the second full school year.

### 103.02 Ineligible Property Characteristics

#### Requirements

Fannie Mae will not purchase any Mortgage Loan secured by a Dedicated Student Housing Property that offers food service.

### 103.03 Residential Leases

#### Requirements

You must ensure that at least 80% of the units in a Dedicated Student Housing Property are leased for a minimum term of 12 months.

#### Guidance

Each student lease agreement should have



- a parental guarantee of the rent, or
- student tenants with sufficient income or other documented financial means to pay the rent.

#### 103.04 Properties on College/University Land

##### ☒ Requirements

You must ensure that a Dedicated Student Housing Property located on college/university land meets the following:

- the Borrower has control over all economic decisions affecting the Property (such as financing, leasing, and management);
- the Key Principal
  - has at least 5 years of operating experience with Dedicated Student Housing, and
  - operates at least 1 other Dedicated Student Housing Property located on college/university land; and
- any Ground Lease complies with [Part II, Chapter 1: Attributes and Characteristics, Section 104: Ground Leased Properties](#).

#### 103.05 Additional Underwriting Documentation

##### ☒ Requirements

Your underwriting must include the following:

- name of the college/university and its current total enrollment;
- current enrollment percentages of full-time graduate and undergraduate students;
- location of the Property relative to the campus;
- whether the Property is part of the college/university's housing referral program;
- details of the Property's amenity package;
- whether the Property is convenient to a college/university-sponsored transportation line;
- detailed description of the related rental housing market, including
  - the amount of on-campus rental housing space occupied or available, and



- any future on- or off-campus rental housing planned or under construction;
- percentage of the Property's units pre-leased for the semester/quarter;
- percentage of the Property's tenants who are students;
- percentage of the Property's leases that have a term of less than 12-months;
- whether the Property is subject to a Ground Lease or master lease and, if so, the structure and terms of the lease; and
- whether parental guaranties are required for leases at the Property.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### **Synonyms**

- Borrowers
- Borrower's

## D

**Dedicated Student Housing Property** Multifamily rental Property in which 80% or more of the units are leased to undergraduate or graduate students.

### **Synonyms**

- Dedicated Student Housing

## G

**Ground Lease** Contract for the rental of land, usually on a long term basis.

## K

**Key Principal** Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

### **Synonyms**

- Key Principals
- Key Principal's

## M



## Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

## **P**

## Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's