Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

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107.03 Short Term Rentals

☐ Requirements

You must ensure that:

- the residential nature of any Property with units available for STR is maintained, even though any Lease of an STR unit will be
  - classified as a commercial lease, and
  - subject to the space and income limitations per Form 4660;
- no more than 5% of the Property’s units (not counting recreational vehicle sites) are available for STR; and
- the Underwritten NCF accurately incorporates all STR income.

You must include the following information in your underwriting analysis:

- a description of the STR arrangement;
- length of time the STR has been in place;
- Borrower’s action plan for handling liability issues for
  - STR tenants at the Property, and
  - safety concerns for non-STR tenants;
- Borrower’s strategy for implementing STR;
- whether the STR units are furnished or unfurnished;
- confirmation that the STR is legally permissible and in compliance with applicable laws and zoning;
- confirmation that the Borrower’s or master tenant’s insurance covers any STR; and
- confirmation that the Property is residential in nature (i.e., not operated as a hotel or other single room occupancy arrangement).

Guidance

Examples of an STR arrangement include an arrangement between the Borrower and:

- a tenant/master tenant, where the tenant/master tenant has an agreement with an STR provider or platform (such as Airbnb, VRBO®, etc.); or
- an STR provider or platform, where the Borrower’s tenants may make their units available for STR.
You should seek to establish a leasing history of at least 12 months for any STR unit.
### Glossary

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<tr>
<td><strong>Borrower</strong></td>
<td>Person who is the obligor under the Note.</td>
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<td><strong>Synonyms</strong></td>
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<td>• Borrowers</td>
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<tr>
<td><strong>Form 4660</strong></td>
<td>Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the minimum underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.</td>
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<tr>
<td><strong>Synonyms</strong></td>
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<td>• Multifamily Underwriting Standards</td>
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<td><strong>Lease</strong></td>
<td>Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.</td>
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<td><strong>Synonyms</strong></td>
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<td>• Leases</td>
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<td><strong>Property</strong></td>
<td>Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).</td>
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<td><strong>Synonyms</strong></td>
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