Multifamily Selling and Servicing Guide

Effective as of October 21, 2019

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part II Section 107.03 Short Term Rentals</td>
<td>3</td>
</tr>
<tr>
<td>GLOSSARY</td>
<td>5</td>
</tr>
</tbody>
</table>
**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

**B**

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

**Synonyms**  
• Borrowers  
• Borrower's

**F**

**Form 4660**  
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.

**Synonyms**  
• Multifamily Underwriting Standards

**L**

**Lease**  
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.

**Synonyms**  
• Leases

**P**

**Property**  
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).

**Synonyms**  
• Properties  
• Property's