Fannie Mae®

Multifamily Selling and Servicing Guide

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1402.05B Borrower, Guarantor, Key Principals, and Principals

Requirements

You must:

- identify all Key Principals and Principals of the Borrower and Guarantor;
- confirm the original underwriting of the Borrower, Guarantor, and each Key Principal and Principal per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals;
- obtain updates to the:
  - financial statements for all parties relevant to the transaction;
  - Multifamily Underwriting Certificates (Form 6460 series) for the Borrower, Guarantor, and each Key Principal;
  - organizational documents of the Borrower, Guarantor, and each Key Principal; and
  - good standing certificate from the jurisdiction where an entity Borrower and Guarantor are organized;
- confirm that the organizational structure of the Borrower, Guarantor, and each Key Principal complies with Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals; and
- confirm that no unauthorized change has been made to the organizational structure or organizational documents of the Borrower or the Guarantor.

Operating Procedures

If there was...	You must...
• an unauthorized Transfer/Assumption ; or • any change in the organizational structure of the Borrower, Guarantor, or any Key Principal or Principal	notify Fannie Mae per: • Part VI, Chapter 3: Non-Performing Primary Risk Mortgage Loans, Section 305: Notice of Default ; or • Part VI, Chapter 5: Non-Performing Secondary Risk Mortgage Loans, Section 505: Notice of Default .

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Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

G

Guarantor	Key Principal or other Person executing a • Payment Guaranty, • Non-Recourse Guaranty, or • any other Mortgage Loan guaranty. **Synonyms** • Guarantors

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

P

Principal	Person who owns or controls specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals

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T

Transfer/Assumption	Transaction changing the ownership of the Borrower or Property. **Synonyms** • Transfers/Assumptions