Multifamily Selling and Servicing Guide

Effective as of March 11, 2024

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☑ Requirements

For every Mortgage Loan, you must:

- Identify and underwrite any Guarantor and all Key Principals and Principals of the Borrower.

- Ensure the Guarantor
  - is not a foreign person or a foreign entity, and
  - either has an ownership interest in the Borrower or ensure that the Guarantor has adequate consideration to enter into the Guaranty.

You must:

- not deliver a Mortgage Loan with
  - undisclosed Principals, or
  - a Blocked Person as a
    - Borrower,
    - Guarantor,
    - Key Principal, or
    - Principal; and

- identify the Principals based on the aggregate of all direct and indirect ownership interests in the Borrower held per the following table.

If the Borrower is a...	Then a Principal is...
General Partnership or Joint Venture	any general partner or joint venturer.
Limited Partnership	• all general partners; and • any Person who owns a 25% or more limited partnership interest.
Privately-Held Corporation	any Person who owns 25% or more of the voting stock.

If the Borrower is a...	Then a Principal is...
Limited Liability Company	• all non-member managers ormember-managers;and • any Person who owns a 25% or more membership interest.
Trust (other than a Land Trust)	• the grantor (if the trust is a revocable trust or if the grantor or settlor has retained powers); • any Person who has a 25% or more beneficial interest in the trust;and • any trustee.
Land Trust	any Person who has • the power of direction, and • a 25% or more beneficial ownership interest in the land trust.

303.01 Entity Review

➲ Guidance

When you review an entity, consider the following questions:

- Is it an existing entity (e.g., a corporation, limited liability company, limited liability partnership, or other acceptable structure) that is not newly formed?

- Is it a well-capitalized, stable, on-going business that would be expected to:

  - Remain financially healthy?

  - Support the Property?

  - Meet all Guarantor requirements and obligations under the Guaranty?

  - Have assets and net worth that are significantly greater than what would be minimally acceptable for an individual Key Principal?

303.02 Fund

➲ Guidance

When you review a fund, consider the following questions:

- What is the experience and performance history of the fund manager with similar funds?

- Can the fund raise equity from financially substantial investors?

- What is the performance of the fund?

- What is the leverage level of the fund?

- What is the net worth and liquidity of the fund?

- What is the type and quality of

    - the Property and market,

    - other existing properties and markets, and

    - any potential additional properties and markets targeted by the fund pursuant to its agreements?

Additionally, you should review the organizational documents and private placement memorandum (if applicable) for the following information:

- the fund's expiration date;

- any extension to the fund's existence and conditions to approve that extension; and

- the process for winding up the business affairs of the fund, including whether the fund is organized in a state that requires the orderly dissolution of investment funds, such as Delaware or Illinois.

Glossary

B

Blocked Person

Any Person who is:
- on the FHFA SCP List;
- sanctioned or blocked by OFAC; or
- identified on:☐
   - HUD's "Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List"; or
   - General Services Administration's "System for Award Management (SAM) exclusion list".

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

Guaranty

Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.

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

Person	Legal person, including an • individual, • estate, • trust, • corporation, • partnership, • limited liability company, • financial institution, • joint venture, • association, or • other organization or entity (whether governmental or private). **Synonyms** • Persons • Person's

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
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