Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 2026

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TABLE OF CONTENTS

Part I Section 305 Financial Statements 3
GLOSSARY 4

Section 305 Financial Statements

☑ Requirements

You must:

- obtain signed financial statements dated within 15 months of the Commitment Date from all parties relevant to the Mortgage Loan; and
- ensure all:
  - Potential Red Flags for Mortgage Fraud and Other Suspicious Activity were considered; and
  - unresolved red flags were reported per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance.

For all financial statements, you must collect:

- a list of all other assets, including
  - notes receivable from related entities, and
  - an estimate of the market value of each asset with the basis for calculating value estimates; and
- all liabilities and contingent liabilities, including
  - debts under lines or letters of credit,
  - personal guaranties,
  - unmet obligations to partnerships or other entities, and
  - other future obligations, with their amount and timing.

For all Mortgage Loans, you must determine any:

- appropriate adjustments to the reported net worth and liquidity of the Sponsor and each Key Principal or Guarantor; and
- other factors that may impact the party's financial position immediately or during the term of the Mortgage Loan (including any known threat of potential lawsuits that may arise from the parties' business operations).

Glossary

B

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

C

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments
Commitment Date	Date a Commitment is confirmed by Fannie Mae per Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments.

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

L

Letter of Credit	Letter of Credit approved by Fannie Mae per Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit. **Synonyms** • Letters of Credit • Letter of Credit's • LOC • LOCs

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

N

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Note	Instrument evidencing a Mortgage Loan obligation, including
	• Form 6010 series,
	• any other Fannie Mae-approved note, and
	• all applicable
	  - addenda,
	  - schedules, and
	  - exhibits.
	
	Synonyms
	• Notes

P

Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), 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

S

Sponsor	Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal). **Synonyms** • Sponsors • Sponsor's