



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of November 15, 2024

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## Section 505 Compliance

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### Requirements

You must:

- maintain effective OFAC compliance procedures;
- monthly screen:
  - the Borrower, Key Principal, Guarantor, and Principals for [Potential Red Flags for Mortgage Fraud and Other Suspicious Activity](#); and
  - all Persons per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 308: Compliance](#); and
- report:
  - all unresolved red flags per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 308: Compliance](#); and
  - within 24 hours, any Blocked Person to Lender Assessment Oversight.



# 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

## 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

Lender Assessment  
Oversight

Team that can be contacted at  
[lenderassessment\\_oversightteam@fanniemae.com](mailto:lenderassessment_oversightteam@fanniemae.com).

## O

OFAC

U.S. Treasury Department, Office of Foreign Assets  
Control.