



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of June 30, 2025

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**

---

Part I Section 304 Limited Experience Owner ..... 3

GLOSSARY ..... 5



## Section 304 Limited Experience Owner

---

### Requirements

You must determine if any Sponsor, Key Principal, or Guarantor is a Limited Experienced Owner.

To determine if a Co-Tenant Borrower is a Limited Experienced Owner, you:

- must analyze the Person named as the co-tenant representative per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers](#); and
- may exclude from the analysis any:
  - passive Tenant in Common Member, who is solely named a Key Principal to comply with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers](#); or
  - Borrower whose Controlling Interest is owned by a Key Principal or Guarantor that does not meet the definition of a Limited Experienced Owner.

For each Limited Experienced Owner:

- verify the identity of the Sponsor and each Key Principal or Guarantor, or any Person who owns a Controlling Interest in the Borrower, using a current
  - driver's license or passport,
  - personal residence, and
  - business address (not a P.O. Box);
- ensure your Credit Underwriting or Screening team meets, in person or virtually, each individual:
  - identified as, or on behalf of, the Key Principal or Guarantor; or
  - who owns, directly or indirectly, a Controlling Interest in
    - the Borrower,
    - any Key Principal, or
    - any Guarantor;
- for any individual identified as a Key Principal or Guarantor, or who owns a Controlling Interest in the Borrower, Key Principal, or Guarantor:



- obtain a resume; and
- verify employment history using
  - a Lexis-Nexis report, or
  - other industry standard background reporting tool;
- review, for each Key Principal or Guarantor, or Person who owns a Controlling Interest in the Borrower, their:
  - investment profile;
  - business goals; and
  - primary sources of income, which must be consistent with business activities;
- obtain evidence of the origin of transaction funds for
  - an Acquisition, or
  - cash-in refinances requiring the Borrower to deposit additional funds at closing; and
- determine any appropriate adjustments to the reported liquidity and net worth of the Sponsor and each Key Principal or Guarantor, including:
  - verifying liquidity based on 3 consecutive months of bank or brokerage statements for accounts (a bank or brokerage letter alone is insufficient to verify liquidity); and
  - using best efforts to verify the value (including ownership interest and debt outstanding) of all real estate owned, directly or indirectly, using
    - K-1 statements,
    - CoStar or similar service, or
    - mortgage loan verification from other creditors.

## Guidance

You should consider if the additional underwriting requirements are appropriate for any Borrower, Sponsor, Guarantor, or Key Principal with whom you have never originated a multifamily Mortgage Loan, even if they are not a Limited Experienced Owner.



# Glossary

## A

**Acquisition** Any Purchase of either the:

- Property's fee simple or leasehold interest via a deed transfer; or
- Controlling Interest in the Borrower.

### **Synonyms**

- Acquisitions

## B

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

### **Synonyms**

- Borrowers
- Borrower's

## C

**Co-Tenant Borrower** Borrower consisting of tenants-in-common that own the Property in equal or unequal shares.

### **Synonyms**

- Co-Tenant Borrowers

**Controlling Interest** For any entity, ownership or control of 50% or more of the ownership interests in the entity or the power or right to control or modify, directly or indirectly, the management and operations of the entity.

## 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



## Limited Experienced Owner

Any Sponsor, Key Principal, or Guarantor who has either:

- never obtained a prior Fannie Mae multifamily Mortgage Loan; or
- during the last 10 years, not owned a Controlling Interest in one or more multifamily properties for at least:
  - 5 consecutive years; or
  - 2 consecutive years if the Sponsor, Key Principal, or Guarantor would qualify as a Local Borrower for a Small Mortgage Loan with properties of similar
    - size, and
    - asset type.

Regardless of the requirements above, a Sponsor, Key Principal, or Guarantor is not a Limited Experienced Owner if they:

- are a fund Sponsor whose other current or historical funds under its Control satisfy these requirements; or
- currently have a controlling interest in more than 1,000 multifamily units.

### **Synonyms**

- Limited Experienced Owners

## **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

## 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