Fannie Mae®

# Multifamily Selling and Servicing Guide

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# TABLE OF CONTENTS

Part III Section 1302.05B Borrower, Guarantor, Key Principals, and Principals ..... 3
GLOSSARY ..... 4

## 1302.05B 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<br>• any change in the organizational structure of the Borrower, Guarantor, or any Key Principal or Principal | notify Fannie Mae per:<br><br>• Part VI, Chapter 3: Non-Performing Primary Risk Mortgage Loans, Section 305: Notice of Default ; or<br>• Part VI, Chapter 5: Non-Performing Secondary Risk Mortgage Loans, Section 505: Notice of Default . |

# Glossary

## B

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|---|---|
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

## G

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

## K

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| Key Principal | Person who<br>• controls and/or manages the Borrower or the Property,<br>• is critical to the successful operation and management of the Borrower and the Property, and/or<br>• may be required to provide a Guaranty.<br><br>**Synonyms**<br>• Key Principals<br>• Key Principal's |

## M

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| Mortgage Loan | Mortgage debt obligation evidenced, or when made will be evidenced, by<br>• the Loan Documents, or<br>• a mortgage debt obligation with a Fannie Mae credit enhancement.<br><br>**Synonyms**<br>• Mortgage Loans<br>• Mortgage Loan's |

## N

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| Non-Performing Mortgage Loan | Mortgage Loan with an uncured default.<br><br>**Synonyms**<br>• Non-Performing Mortgage Loans<br>• Non-Performing Mortgage Loan's<br>• Non-Performing |

## P

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|---|---|
| Primary Risk Mortgage Loan | Mortgage Loan where Fannie Mae bears all losses or you and Fannie Mae share losses.<br><br>**Synonyms**<br>• Primary Risk Mortgage Loans<br>• Primary Risk |
| 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.<br><br>**Synonyms**<br>• Principals |

## S

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| Secondary Risk Mortgage Loan | Mortgage Loan where you bear all losses until your recourse obligation is exhausted.<br><br>**Synonyms**<br>• Secondary Risk Mortgage Loans<br>• Secondary Risk<br>• Top Loss |

## T

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|---|---|
| Transfer/Assumption | Transaction changing the ownership of the Borrower or Property.<br><br>**Synonyms**<br>• Transfers/Assumptions |