



Fannie Mae®

Multifamily Selling and Servicing Guide

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1402.05B 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...
<ul style="list-style-type: none">• an unauthorized Transfer/Assumption ; or• any change in the organizational structure of the Borrower, Guarantor, or any Key Principal or Principal	notify Fannie Mae per: <ul style="list-style-type: none">• Part VI, Chapter 3: Non-Performing Primary Risk Mortgage Loans, Section 305: Notice of Default ; or• Part VI, Chapter 5: Non-Performing Secondary Risk Mortgage Loans, Section 505: Notice of Default .



Glossary

B

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

P

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



T

Transfer/Assumption

Transaction changing the ownership of the Borrower or Property.

Synonyms

- Transfers/Assumptions