



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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



# 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, 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

## T

### Transfer/Assumption

Transaction changing the ownership of the Borrower or Property.

### **Synonyms**

- Transfers/Assumptions