



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of September 8, 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 V Section 103 Letters of Credit 3

 103.01 Servicing File 3

 103.02 Certification 3

 103.03 Monitoring Expiration Dates 3

 103.04 Replacement Letter of Credit 4

 103.05 Verifying Issuer Ratings 4

 103.05A Monitoring 4

 103.05B Rating Noncompliance 4

 103.06 Managing Draws and Releases 5

 103.06A Letter of Credit Draws 5

 103.06B Releasing/Reducing Letters of Credit or Other Collateral 5

GLOSSARY 6



Section 103 Letters of Credit

103.01 Servicing File

Requirements

You must immediately deliver to Fannie Mae:

- the original Letter of Credit; and
- any new, replacement, or amended Letter of Credit delivered to you.

Operating Procedures

In your Servicing File, you must keep a copy of any

- Letter of Credit, and
- the associated Achievement Agreement or other Collateral Agreement.

103.02 Certification

Operating Procedure

With any new or replacement Letter of Credit, you must

- submit a Borrower Letter of Credit Certification ([Form 4664.B](#)), and
- confirm the Letter of Credit complies with [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

103.03 Monitoring Expiration Dates

Operating Procedures

You must:

- effectively monitor each Letter of Credit's expiration date; and
- ensure Fannie Mae receives an acceptable renewal or replacement Letter of Credit
 - by the deadline per the Achievement Agreement or other Collateral Agreement, or
 - if no deadline is specified, at least 5 Business Days before the Letter



of Credit expires.

If you do not provide a renewal or replacement Letter of Credit, Fannie Mae will present a sight draft against the expiring Letter of Credit.

103.04 Replacement Letter of Credit

Operating Procedures

You must ensure any replacement Letter of Credit has an expiration date at least 30 days after the applicable Achievement Agreement or other Collateral Agreement expiration date.

103.05 Verifying Issuer Ratings

103.05A Monitoring

Operating Procedures

While each Letter of Credit is outstanding, you must:

- comply with [Part I, Chapter 2: Mortgage Loan, Section 204.03: Verifying Issuer Ratings](#); and
- document each rating verification in your Servicing File.

103.05B Rating Noncompliance

Operating Procedures

If the rating of the financial institution issuing or confirming the Letter of Credit does not comply with...	You must...
Part I, Chapter 2: Mortgage Loan, Section 204.02: Issuers and Ratings	<p>Promptly notify Multifamily Business Operations even if the Achievement Agreement or other Collateral Agreement</p> <ul style="list-style-type: none">• provides different acceptable issuer rating criteria, or• does not authorize Fannie Mae to act if the rating falls.



If the rating of the financial institution issuing or confirming the Letter of Credit does not comply with...	You must...
Rating criterial in the Achievement Agreement or other Collateral Agreement	<ul style="list-style-type: none">• Promptly notify Multifamily Business Operations.• Require the Borrower to provide a replacement or confirming Letter of Credit from an acceptably rated institution by the:<ul style="list-style-type: none">- replacement deadline per the Achievement Agreement or Collateral Agreement; or- earlier of<ul style="list-style-type: none">▪ 30 days after notifying the Borrower,or<ul style="list-style-type: none">▪ 5 Business Days before the Letter of Credit expires.

103.06 Managing Draws and Releases

103.06A Letter of Credit Draws

Requirements

You must promptly notify Multifamily Asset Management and Multifamily Business Operations if a Letter of Credit draw is appropriate.

103.06B Releasing/Reducing Letters of Credit or Other Collateral

Operating Procedures

Unless a Mortgage Loan is being fully repaid, you must:

- assess each Borrower request to fully release or partially reduce a Letter of Credit or other collateral;
- submit your recommendation to Multifamily Asset Management; and
- notify the Borrower when each request is approved or denied.



Glossary

A

Achievement Agreement

Agreement requiring the Borrower to provide a letter of credit, cash, or guaranty as additional collateral to support the Mortgage Loan amount and specifying the terms for releasing the collateral.

Synonyms

- Achievement Agreements

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

C

Collateral Agreement

Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

Synonyms

- Collateral Agreements

I

Issuer

Entity that:

- issues Bonds for a Credit Enhancement Mortgage Loan;
- packages mortgages for sale as a Security for an MBS; or
- issues a Letter of Credit.

Synonyms

- Issuers

L



Letter of Credit

Letter of Credit approved by Fannie Mae per [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

Synonyms

- Letters of Credit
- Letter of Credit's
- LOC
- LOCs

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

Multifamily Asset Management

Team that can be contacted at drawer_am@fanniemae.com.

Multifamily Business Operations

Team that can be contacted at multifamily_bizops@fanniemae.com.

S

Servicing File

Your file for each Mortgage Loan serviced.

Synonyms

- Servicing Files