



Fannie Mae®

Multifamily Selling and Servicing Guide

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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 | Promptly notify Multifamily Business Operations even if the Achievement Agreement or other Collateral Agreement <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. |



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 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