



Fannie Mae®

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# 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...   |
|---|---|
| <a href="#">Part I, Chapter 2: Mortgage Loan, Section 204.02: Issuers and Ratings</a>                         | <p>Promptly notify Multifamily Business Operations even if the Achievement Agreement or other Collateral Agreement</p> <ul style="list-style-type: none"><li>• provides different acceptable issuer rating criteria, or</li><li>• does not authorize Fannie Mae to act if the rating falls.</li></ul> |



| 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"><li>• Promptly notify Multifamily Business Operations.</li><li>• 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"><li>- replacement deadline per the Achievement Agreement or Collateral Agreement; or</li><li>- earlier of<ul style="list-style-type: none"><li>▪ 30 days after notifying the Borrower,</li></ul></li></ul>or<ul style="list-style-type: none"><li>▪ 5 Business Days before the Letter of Credit expires.</li></ul></li></ul> |



## 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](mailto:multifamily_bizops@fanniemae.com).

## S

## Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files