Fannie Mae®

# Multifamily Selling and Servicing Guide

## Effective as of November 16, 2026

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## 204.03 Verifying Issuer Ratings

### Requirements

You must monitor and verify the rating of any financial institution issuing or confirming a Letter of Credit

- throughout the term of the Letter of Credit,
- on each anniversary of the date of issuance, and
- on the date of any renewal, replacement, or amendment.

If the ratings of the financial institution issuing or confirming the Letter of Credit fall below the ratings criteria you must

- contact Multifamily Business Operations promptly, and
- use a financial institution that satisfies the ratings criteria to replace or confirm the Letter of Credit.

A change from "stable" or "positive outlook" to "negative outlook" or "on watch for downgrade" would represent a fall below the ratings criteria.

# Glossary

## L

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|---|---|
| Letter of Credit | Letter of Credit approved by Fannie Mae per Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit.<br><br>**Synonyms**<br>• Letters of Credit<br>• Letter of Credit's<br>• LOC<br>• LOCs |

## M

| | |
|---|---|
| Multifamily Business Operations | Team that can be contacted at multifamily_bizops@fanniemae.com. |

## R

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|---|---|
| Replacements | Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required.<br><br>**Synonyms**<br>• Replacement |