



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of June 7, 2024

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## TABLE OF CONTENTS

---

Part V Section 103.03 Monitoring Expiration Dates .....	3
GLOSSARY .....	4



### 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.



# 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

## C

Collateral Agreement

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

### **Synonyms**

- Collateral Agreements

## 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