

# 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> <li>provides different acceptable issuer rating criteria, or</li> <li>does not authorize Fannie Mae to act if the rating falls.</li> </ul>

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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> <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> <li>replacement deadline per the</li> </ul> </li> <li>Achievement Agreement or Collateral Agreement; or         <ul> <li>earlier of</li> <li>30 days after notifying the Borrower,</li> </ul> </li> <li>or         <ul> <li>5 Business Days before the Letter of</li> </ul> </li> <li>Credit expires.</li> </ul>

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# **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

# T

Issuer

#### Entity that:

• issues Bonds for a Credit Enhancement Mortgage Loan:

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- 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.

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#### **Synonyms**

Servicing Files