



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of June 2, 2026

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**103.05B** Rating Noncompliance

 Operating Procedures

<b>If the rating of the financial institution issuing or confirming the Letter of Credit does not comply with...</b>	<b>You must...</b>
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"><li>• provides different acceptable issuer rating criteria, or</li><li>• does not authorize Fannie Mae to act if the rating falls.</li></ul>
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

## 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).