Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 2026

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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 • provides different acceptable issuer rating criteria, or • does not authorize Fannie Mae to act if the rating falls.
Rating criterial in the Achievement Agreement or other Collateral Agreement	• Promptly notify Multifamily Business Operations. • Require the Borrower to provide a replacement or confirming Letter of Credit from an acceptably rated institution by the: - replacement deadline per the Achievement Agreement or Collateral Agreement; or - earlier of ▪ 30 days after notifying the Borrower, or ▪ 5 Business Days before the Letter of Credit expires.

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
Business Day	Any day other than a • Saturday, • Sunday, • day when Fannie Mae is closed, • day when the Federal Reserve Bank of New York is closed, or • for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held. **Synonyms** • Business Days

C

Collateral	Property, Personal Property, or other property securing a Mortgage Loan.

Collateral Agreement	Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument. **Synonyms** • Collateral Agreements

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

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.

R

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