



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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### 301.03 Eligible Depositories and Ratings

#### 301.03A Eligible Depository

##### Requirements

You must ensure all Custodial Accounts are demand deposit or money market accounts maintained at an Eligible Depository. An Eligible Depository is:

- a Federal Reserve Bank;
- a Federal Home Loan Bank; or
- depository institution if it complies with the following.

| Depository Institution... | Must...   |
|---------------------------|---|
| Accounts                  | Be insured by the <ul style="list-style-type: none"><li>• Federal Deposit Insurance Corporation, or</li><li>• National Credit Union Share Insurance Fund.</li></ul>                                     |
| Rating                    | Have an applicable Federal or State rating of <ul style="list-style-type: none"><li>• well capitalized, or</li><li>• if unrated, meet the capital requirements for a well capitalized rating.</li></ul> |



| Depository Institution...                                   | Must...  |
|---|--|
| Minimum Financial Ratings for Assets \$20 Billion or More   | <ul style="list-style-type: none"><li>• If rated by both S&amp;P and Moodys, meet all of the following:<ul style="list-style-type: none"><li>- for S&amp;P:<ul style="list-style-type: none"><li>▪ an A-2 short-term issuer rating; and</li><li>▪ a BBB long-term issuer rating; and</li></ul></li><li>- for Moodys:<ul style="list-style-type: none"><li>▪ a P-3 short-term bank deposit rating; and</li><li>▪ a Baa2 long-term bank deposit rating.</li></ul></li></ul></li><li>• If only rated by S&amp;P, have:<ul style="list-style-type: none"><li>- an A-2 short-term issuer rating; and</li><li>- a BBB long-term issuer rating.</li></ul></li><li>• If only rated by Moodys, have:<ul style="list-style-type: none"><li>- a P-3 short-term bank deposit rating; and</li><li>- a Baa2 long-term bank deposit rating.</li></ul></li></ul> |
| Minimum Financial Ratings for Assets Less than \$20 Billion | <p>Meet at least 1 of the following:</p> <ul style="list-style-type: none"><li>• For S&amp;P:<ul style="list-style-type: none"><li>- an A-2 short-term issuer rating; and</li><li>- a BBB long-term issuer rating.</li></ul></li><li>• For Moodys:<ul style="list-style-type: none"><li>- a P-3 short-term bank deposit rating; and</li><li>- a Baa2 long-term bank deposit rating.</li></ul></li><li>• For IDC Financial Publishing, Inc., or its successor, a 175.</li><li>• For Kroll Bond Rating Agency, Inc., or its successor, a C+.</li></ul>   |

### Operating Procedures

You may establish the account within your own institution if you

- are an Eligible Depository, and
- do not use your general ledger or internal operating account for Custodial



Accounts.

### **301.03B** Verifying Depository Ratings

#### Requirements

You must monitor the financial viability of custodial fund depositories.

If a depository or its holding company does not meet the Eligible Depository ratings per [Part V, Chapter 3: Custodial Accounts, Section 301.03A: Eligible Depository](#), you must transfer the Custodial Account to an Eligible Depository within 30 days.

#### Operating Procedures

To determine an Eligible Depository:

- use the most recent financial ratings issued within the past 3 months; and
- confirm the ratings every 3 months.



# Glossary

## C

### Custodial Account

Accounts established by the Servicer for depositing P&I payments, T&I funds, Collateral Agreement deposits, and other similar funds.

#### **Synonyms**

- Custodial Accounts