

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 • Federal Deposit Insurance Corporation, or
	National Credit Union Share Insurance Fund.
Rating	Have an applicable Federal or State rating of
	"well capitalized", or
	if unrated, meet the capital requirements for a "well capitalized" rating.

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Depository Institution	Must
Minimum Financial Ratings for Assets \$20 Billion or More	 If rated by both S&P and Moody's, meet all of the following: for S&P: an "A-2" short-term issuer rating; and a "BBB" long-term issuer rating; and for Moody's: a "P-3" short-term bank deposit rating; and a "Baa2" long-term bank deposit rating.
	If only rated by S&P, have: an "A-2" short-term issuer rating; and a "BBB" long-term issuer rating. If only rated by Moody's, have:
	- a "P-3" short-term bank deposit rating; and - a "Baa2" long-term bank deposit rating.
Minimum Financial Ratings for Assets Less than \$20 Billion	Meet at least 1 of the following: • For S&P: - an "A-2" short-term issuer rating; and - a "BBB" long-term issuer rating.
	For Moody's: - a "P-3" short-term bank deposit rating; and - a "Baa2" long-term bank deposit rating.
	 For IDC Financial Publishing, Inc., or its successor, a 175. For Kroll Bond Rating Agency, Inc., or its successor, a C+.

% 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

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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

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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.

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Synonyms

Custodial Accounts