



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 Moody's, 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 Moody's:                   <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 Moody's, 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	Meet at least 1 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.</li> </ul> </li> <li>• For Moody's:               <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