



Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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106.06 When Issuer Rating Fails to Meet Standard

If the Letter of Credit issuer fails to meet the rating standards prescribed by the Achievement Agreement, other Collateral Agreement, or the Guide (if not specified in the Achievement Agreement or other Collateral Agreement), the Servicer must:

- immediately notify Multifamily Business Operations; and
- send written notification to the Borrower to furnish a replacement or confirming Letter of Credit from an acceptably rated institution by the replacement deadline specified in the applicable Achievement Agreement or Collateral Agreement, or if not specified, by the earlier of 30 days after the date of such notice, or 5 Business Days prior to the Letter of Credit's expiration date.



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 under the Note.

Synonyms

- Borrowers
- Borrower's

C

Collateral Agreement

Agreement under which collateral (other than the Property) may be pledged, transferred, or otherwise provided to secure the Borrower's obligations under a Mortgage Loan.

Synonyms

- Collateral Agreements

G



Guide

Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.

Synonyms

- DUS Guide

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
- LOC
- LOCs

M

Multifamily Business Operations

Team that can be contacted at multifamily_bizops@fanniemae.com.

S

Servicer

Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers