



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **418.02** Compliance Issues Relative to Bond Credit Enhancement Transactions

The Servicer must monitor the Interest Reserve Requirement, if any, under the Bond Trust Indenture with respect to each Credit Enhancement Mortgage Loan.

The Servicer must monitor the rating of the institution in which the accounts under any Cash Management, Security, Pledge, and Assignment Agreement are held, and must require the Borrower to move the accounts if the rating no longer meets Fannie Mae's requirements as provided in [Part V, Chapter 3: Custodial Accounts](#).



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## C

**Credit Enhancement Mortgage Loan** Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

### Synonyms

- Credit Enhancement Mortgage Loans

## I

**Indenture** Bond issuer trust indenture or resolution listing Bond terms.

## S

**Security** MBS, PFP MBS, or REMIC.

### Synonyms

- Securities

**Servicer** Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

### Synonyms

- Servicers
- Servicer's