



**Ginnie Mae**

*Our Guaranty Matters*

**Roles & Responsibilities of the  
Issuer and Document Custodian  
Transcript**



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# 1. Introduction

## 1.1 Roles & Responsibilities of the Issuer and Document Custodian



### 1.2 Introduction

Welcome to the Roles and Responsibilities of the Issuer and Document Custodian module. The purpose of this training is to present the Government National Mortgage Association (Ginnie Mae) Issuer and Document Custodian roles and responsibilities.

### Learning Objectives

Learning Objectives:

- Identify the key roles and responsibilities of the Issuer
- Identify Issuer responsibilities that may not be delegated to third parties
- Identify the key roles and responsibilities of the Document Custodian

### 1.3 Navigation Tutorial

*[The navigational tutorial is applicable to the on-line training only.]*

## 2. Issuer Roles & Responsibilities

### 2.1 What Are the Issuers' Functional Roles?

For the most part, Multifamily and Single-Family Issuers have the same functional roles. The common Issuer roles are in the areas of Loan Delivery and Pooling, Investor Reporting, Compliance and Oversight User, Processing Master Agreements, Financial Statements User, and Transfers. Let's explore the specifics of each role now.

#### Loan Delivery & Pooling

Basic User:

- Upload/enter pool and loan information for delivery
- Verify availability of commitment authority
- Clear document deficiencies and pooling exceptions
- Access to prepare but not execute Pool Issuance and Immediate Transfer/Transfer at Issuance Indicator (PIIT/TAI) transactions

#### Loan Delivery & Pooling Continued

Authorized Signer:

- Only for HUD 11702 signatories
- All rights of a Loan Delivery and Pooling Basic User, plus authority to:
  - Submit pools for issuance
  - Request additional commitment authority
  - Execute PIIT/TAI transactions

#### Investor Reporting

Basic User:

- Submit monthly pool and loan level accounting data
- Submit quarterly custodial account verification data
- Review monthly remittance information
- Review monthly reporting exception feedback and errors

#### Investor Reporting Continued

Authorized Signer:

- Only for HUD 11702 signatories

- All rights of an Investor Reporting Basic User, plus authority to:
  - Certify the monthly pool and loan accounting report
  - Submit edits needed to clear exception feedback and monthly reporting errors

## **Compliance & Oversight**

- Review portfolio servicing and investor reporting metrics and reports
- Oversee subservicer performance when applicable
- Manage relationship and perform oversight review for selected Document Custodian(s)

## **Master Agreements**

Basic User:

- Enter, upload, and edit Master Agreement documents and data required by Ginnie Mae

Authorized Signer:

- Only for HUD 11702 signatories
- All the rights of a Processing Master Agreements Basic User, plus the ability to submit, renew and certify Master Agreements

## **Financial Statements**

- Submit annual audited financial statements for review by Ginnie Mae's Independent Public Accounting (IPA)

## **Pool Transfers**

Authorized Signer:

- An authorized signer on the 11702 is the person who has vested authority to perform certain activities for the Issuer.
- The role of the authorized signer is legally binding in a court of law performing the following functions:
  - Initiate, manage and accept bulk transfer transactions
  - Initiate and coordinate transfers of collateral files with transferee and transferor Issuers or Document Custodians

## **2.2 Additional Single-Family Issuer Roles**

Additional functional roles for only Single-Family Issuers are in the areas of Post-Closing, Collateral Management, Agency Relationship, and Special Loans. Let's explore the specifics of each role now.

### **Post-Closing (Pre-Closing)**

- Review collateral
- Obtain loan insurance
- Forward initial and trailing documents to a Document Custodian

### **Collateral Management**

Basic User:

- Initiate Final Certification, Recertification, Document Custodian Transfer, Request Release of Documents (11708)

Authorized User:

- Only for HUD 11702 signatories
- All the rights of a Collateral Management Basic User
- Ability to execute certifications

### **Agency Relationship**

- Access reports containing portfolio performance and liquidity metrics
- Receive targeted Ginnie Mae communications for individuals responsible for managing agency relationships

### **Special Loans (SCRA)**

- Upload and process Servicemembers Civil Relief Act (SCRA) reimbursement requests

## **2.3 Issuer Responsibilities**

MBS I & MBS II Custom custom pools must be originated and administered by a single Issuer, who markets all of the related securities.

Under the Ginnie Mae II MIP Program, an Issuer may also participate in the issuance of a Multiple Issuer Pool (MIP). A Ginnie Mae II MIP is a single pool in which one or more Issuers participate.

Each participating Issuer originates and is responsible for administering its own loan

package that it submits and for marketing securities in an amount equal to the original pro rata portion of their loan package that it contributes to the multiple Issuer pool.

## **2.4 Issuer Responsibilities (continued)**

As specified in the MBS Guide Chapter 4, the Issuer is responsible for submitting required monthly, quarterly, and other reports and certifications to Ginnie Mae. Let's examine the other responsibilities outlined in Chapter 4.

### **Acquire**

Issuers are responsible for:

- Acquiring or originating eligible mortgages and forming eligible pools or loan packages

### **Establish**

Issuers are responsible for:

- Establishing and maintaining proper principal and interest (P&I) and escrow custodial accounts

### **Disburse**

Issuers are responsible for:

- Disbursing and clearing accounts for the pools and loan packages, if elected or required

### **Enlist**

Issuers are responsible for:

- Enlisting an eligible Document Custodian
  - All documents for a single pool or loan package must be held by one Document Custodian.

### **Maintain**

Document Custodians are responsible for:

- Maintaining custodial documents in the Issuer's possession in compliance with federal safekeeping standards, to include:
  - Storing documents in a secure, fire-resistant facility

- Develop and enforce procedures to prevent unauthorized access

## **Provide**

Issuers are responsible for:

- Providing the required loan, pool, and loan package documents to the Document Custodian and to the Pool Processing Agent (PPA) in GinnieNET
- Document Custodians then conduct the certification process at pool delivery.
  - Note: Only electronic files are processed in the pooling system.

## **Market**

Issuers are responsible for:

- Marketing or holding the securities backed by the pool or loan package
- Ginnie Mae plays no role in the marketing of the securities. Issuers are solely responsible for the marketing of their own securities.

## **Service**

Issuers are responsible for:

- Servicing the mortgages in the pool or loan package or contracting with a subservicer to service them
- If Issuers elect to have a sub-servicer service their loans, then the sub-servicer must also be an approved Issuer in the Ginnie Mae program to ensure full compliance.

## ***2.5 Issuer Responsibilities – Program Comparison***

One final Issuer responsibility outlined in Chapter 4 is administering the outstanding securities under the Ginnie Mae I and II Programs.

Under the MBS I Program, the Issuer must make timely payment of all amounts due to security holders of certificated securities. The Issuer maintains full responsibilities for MBS I payments on the 15th calendar day, but they make the funds available to the Central Payment and Transfer Agent (CPTA) for the Automated Clearing House (ACH) debit sweep on the morning of the 15th.

The Issuer must also make available in a designated account the guaranty fee to the CPTA due to Ginnie Mae and all amounts due to the security holder of book-entry securities. The Issuer also handles certificated security payments.

The Depository then receives CPTA funds collected on the 15th to make them whole for having paid investors first thing each pass through date.

Under the Ginnie Mae II MBS Program, the Issuer must make available to the CPTA in the central P&I custodial account all amounts due to security holders and the guaranty fee due to Ginnie Mae. The Issuer must also pay on the 20th of the month for both Custom and MIP.

Finally, under both MBS Programs, the Issuer must use its own resources to cover shortfalls in amounts due to security holders or to Ginnie Mae resulting from insufficient collections on the mortgage collateral. It should be noted that Bank of New York Mellon (BNYM) holds the title of Pool Processing Agent (PPA) and CPTA for pooling and monthly pass-through payments.

## ***2.6 Issuer and Subservicer Relationship***

For most program types, the Issuer may arrange for a subservicer to perform servicing functions on its behalf, except those functions set forth in MBS Guide, Chapter 4, Part 2, Section C, Nondelegable Responsibilities.

The Issuer is fully responsible for the performance of any servicing functions that have been delegated to a subservicer.

The Issuer is also liable to Ginnie Mae for any representations or omissions submitted on its behalf by a subservicer. This includes those representations or omissions reflected on the Issuer's Monthly Report of Pool and Loan Data to Ginnie Mae as well as the Issuer's Monthly Reporting Certification in the Reporting and Feedback System (RFS).

To perform servicing functions for another Issuer, a subservicer must be a Ginnie Mae approved Issuer and meet all requirements for maintaining Ginnie Mae Issuer status.

## ***2.7 Issuer Nondelegable Responsibilities***

The Issuer may not delegate or transfer to others its obligation or authority to perform the functions as specified in Chapter 4, Part 2, Section C, Nondelegable Responsibilities. Let's examine these nondelegable responsibilities now.

Under both Ginnie Mae MBS Programs, the Issuer may not withdraw funds from a P&I custodial account for any purpose, including making payments to security holders. The Issuer also may not sign any certifications to Ginnie Mae required by this Guide, the Guaranty Agreement, or otherwise requested by Ginnie Mae. The exception is that an Issuer may delegate to a subservicer the authority to complete the monthly certification provided the Issuer does not list any employees of the subservicer on Form HUD-11702.

Under the Ginnie Mae I MBS Program, the Issuer may not withdraw funds from a P&I custodial account for any purpose, including making payments to security holders. The Issuer also may not sign checks to security holders and to Ginnie Mae. A subservicer may, however, prepare and distribute the checks to security holders and to Ginnie Mae. Issuers may not sign remittance advice to security holders, remit guaranty fees to Ginnie Mae, or maintain the register of security holders.

Under the Ginnie Mae II MBS Program, the Issuer may not withdraw funds from the central P&I custodial account or any other P&I custodial account for any purpose.

## 2.8 Knowledge Check 1

Mark whether each statement below is an authority granted by Ginnie Mae's Statute or Regulation.

Statement	True	False
The Basic User's roles for Loan Delivery and Pooling as well as Investor Reporting are to upload/enter pool information and submit accounting data.	✓	
The Basic User's role for processing Master Agreements includes certifying the agreements.		✓
The Document Custodian has the sole responsibility for acquiring or originating eligible mortgages and forming eligible pools or loan packages.		✓
It is the Issuer's responsibility to establish and maintain proper payment and interest (P&I) and escrow custodial accounts.	✓	

## 2.9 Knowledge Check 2

Which of the following are nondelegable responsibilities of the Issuer under both the Ginnie Mae I and Ginnie Mae II Programs?

- A. Withdraw funds from a P&I custodial account for any purpose, including making payments to security holders
- B. Service functions such as the Monthly Report of Pool and Loan Data
- C. Sign any certifications to Ginnie Mae required, with the exception of delegating to a subservicer the authority to complete the monthly certification
- D. Withdraw mortgage documents from the Document Custodian

### Feedback:

Issuer nondelegable responsibilities under both MBS Programs include:

- Withdraw funds from a P&I custodial account
- Sign any certifications to Ginnie Mae required
- Withdraw mortgage documents from the document custodian

## **3. Document Custodian Roles & Responsibilities**

### **3.1 Overview of the Document Custodian**

The Document Custodian must be a financial institution subject to federal banking regulation and oversight by one of the following agencies: Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Administration (NCUA), Federal Reserve Bank (FRB), or the Federal Home Loan Bank (FHLB).

The Document Custodian must be in good standing with the primary regulator, which means that the organization must not be in receivership, conservatorship, liquidation, or any other program of management oversight by its primary regulator, unless it is operating under an approved management plan.

*MBS Guide* Appendix V-01, Chapter 2, Document Custodian Eligibility Requirements, provides further detail for your review.

### **3.2 Document Custodian Relationships**

The Document Custodian works under direct contract with the Issuer but has a fiduciary responsibility to Ginnie Mae.

While an Issuer may utilize more than one Document Custodian, each pool or loan package is required to have only one Document Custodian.

Since an Issuer is ultimately responsible for the safekeeping of Ginnie Mae custodial documents at all times, Ginnie Mae holds the Issuer responsible for any and all losses incurred because the Document Custodian fails to perform its fiduciary responsibilities.

Ginnie Mae also has the right to be made whole by the Document Custodian if it breaches its fiduciary obligations to Ginnie Mae with respect to the mortgages involved in the loss.

Therefore, Ginnie Mae expects the Issuer to establish appropriate methods of monitoring the financial viability and operational capabilities of any Document Custodian it uses to hold custodial documents for Ginnie Mae.

*MBS Guide* Appendix V-01, Chapter 1, *The Role and Responsibilities of the Ginnie Mae Document Custodian*, provides further detail for your review.

### **3.3 Certification Responsibilities**

The Document Custodian attributes, accuracy, and completeness requirements can be found in Appendix V-01 of the *MBS Guide*. Each Document Custodian is required to review the pool and loan or loan package documents placed under its control to

determine whether such MBS Program pool documents satisfy Ginnie Mae's document requirements for Initial Certification, Final Certification, or Recertification, as applicable.

Ginnie Mae requires an Initial and Final Certification for all pool types except Multifamily Pools. For Multifamily pools, Ginnie Mae requires only a single Final Certification prior to the issuance of the related security.

Take a moment to review *MBS Guide* Appendix V-01, Chapter 1, The Role and Responsibilities of the Ginnie Mae Document Custodian; Chapter 3, Single-Family Pools; Chapter 4, Manufactured Home Loans; Chapter 5, Construction Loan Pools; and Chapter 6, Project Loan Pools.

## Initial Certification

Issuers must ensure that all loan documents necessary for initial certification are sent to their Document Custodian prior to pooling, so that Document Custodian can physically confirm receipt requirements as described in [Chapter 11](#) of the MBS Guide.

Document Custodian certifies to Ginnie Mae that:

- It has received from the Issuer the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued.
- The documents meet the attributes, accuracy, and completeness requirements.
- The documents relate to and are consistent with the list of loans reflected in either the associated:
  - Schedule of Pooled Mortgages, Form HUD-11706, in the case of an MBS
  - Schedule of Pooled Participations and Mortgages, Form HUD-11706H, in the case of a Home Equity Conversion Mortgage Security (HMBS)

## Final Certification

Document Custodian certifies to Ginnie Mae that:

- It has received from the Issuer all the loan, pool, or loan package documents required by the [Manual for Final Certification](#) of the relevant pool.
- Each of these documents meets the:
  - Attributes
  - Accuracy
  - Completeness requirements

Final certification ensures that all trailing documents are on file within one year of pooling.

## Recertification

Document Custodian is required to certify to Ginnie Mae that:

- It has received from the Issuer or the previous Document Custodian, as may be the case, all the loan, pool, or loan package documents required by the Manual for Recertification of the relevant pool.
- Each of these documents meets the attributes, accuracy, and completeness requirements.

### ***3.4 Document Custodian Requirements***

Each Document Custodian is required to retain and safeguard the MBS Program Pool Documents under its custody in a secure storage facility.

They also must maintain control of loan documents for the life of each pool or loan package in an organized fashion, in order to preserve the interests of the security holders, Ginnie Mae, and the Issuer.

The third major requirement is to maintain the following files for each Issuer client, including the Issuer Master File and Issuer Custodial Register, the Pool Master File, the Annual Physical Inventory, and the Non-liquidation Release Inventory and File.

### ***3.5 Custodian Document Reviews***

Document Custodians may allow routine reviews of custodial documents by the Issuer or the Issuer's auditors. Any review of custodial documents by the Issuer or its auditors must be conducted on the premises of the Document Custodian.

The Document Custodian is required to retain control over the relevant pool and loan package documents and is responsible for their safe-keeping during these reviews.

### ***3.6 Knowledge Check 3***

**Which of the following are responsibilities of the Document Custodian?**

- Review the pool and loan or loan package documents
- Transfer fiduciary responsibility for losses incurred to the Issuer
- Provide initial certification that it has received from the Issuer the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued
- Maintain files for each Issuer including the Master File, Custodial Register, Pool Master File, Annual Physical Inventory, and Non-Liquidation Release Inventory

**Feedback:**

Document Custodian responsibilities include:

- Review the pool/loan package documents
- Provide initial certification

- Maintain files for each Issuer including the Master File, Custodial Register, Pool Master File, Annual Physical Inventory, and Non-Liquidation Release Inventory

## 4. Conclusion

### 4.1 Conclusion

The goal of this training module was to provide you with an understanding of the Issuer and the Document Custodian roles and responsibilities.

You learned that Issuers acquire or originate eligible mortgages and form pools or loan packages. They must establish and maintain proper P&I and escrow custodial accounts. They are responsible for obtaining an eligible Document Custodian to which they provide the required loan, pool, and loan package documents as well as to the PPA. In addition to compliance with safekeeping standards, the Issuer is also responsible for marketing or holding the securities backed by the pool or loan package. Importantly, the Issuer must submit required monthly, quarterly, and other reports and certifications to Ginnie Mae.

You then explored the nondelegable responsibilities of the Issuer such as withdrawal of funds, making payments to security holders, and signing certifications.

Finally, you investigated the roles and responsibilities of the Document Custodian including its initial certification, final certification, and recertification responsibilities. You learned that the Document Custodian is required to retain and safeguard the pool documents in a secure storage facility and maintain control of loan documents in order to preserve the interests of the security holders, Ginnie Mae, and the Issuer.

Remember! The Issuer has only one Document Custodian per pool and is responsible for any and all losses incurred because the Document Custodian fails to perform. The Document Custodian works under direct contract with the Issuer but has a fiduciary responsibility to Ginnie Mae.

### Learning Objectives

Learning Objectives:

- Identify the key roles and responsibilities of the Issuer
- Identify Issuer responsibilities that may not be delegated to third parties
- Identify the key roles and responsibilities of the Document Custodian