



SUCCESS STORIES

2016 Ginnie Mae Summit

Ginnie Mae Custodian Compliance Reviews





Top 10 Most Common Document Custodian Findings

Average number of findings per Custodian review between September 3, 2013 and August 22, 2016: 3.25

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#1	Low Risk	800069	For the tested loans where an allonge was used; the allonge was not an original, did not clearly reference the note, and/or was not firmly affixed to the note.



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#2	Low Risk	780014	Form HUD-11708 is incomplete or incorrectly prepared.



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#3	Low Risk	780015	Information on the Form HUD-11706, Schedule of Pooled Mortgages, does not agree to loan documents.

Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#4	Low Risk	740127	For the selected pool(s) that have been final certified, an acceptable form of title is not present in the loan file and an original Form HUD-11708, Request for Release of Documents, is not present for the selected loan(s).



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#5	High Risk	720036	Document Custodian could not provide written attestation from the fire marshal, its insurance company, an architect, a building contractor, or a fire protection contractor stating that the facility where the pool documents are located provides the minimum 2 hour fire resistance.



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#6	Low Risk	730102	The Form HUD-11711B, Certification and Agreement, indicated that there was a second party security interest; therefore, a Form HUD-11711A, Release of Security Interest, is required. A Form HUD-11711A, however, is not present for the selected pool(s).



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#7	Low Risk	720068	Document Custodian does not retain a signed and dated Form HUD- 11708 in the Master loan file for released files.



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#8	Low Risk	740130	For the selected pool(s) that have been final certified, the mortgagee title insurance policy does not contain an adequate amount of insurance coverage for the selected loan(s).



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#9	Low Risk	740113	The promissory note or other evidence of indebtedness is not endorsed in blank and without recourse by the Issuer being tested for the selected loan(s).



Top 10 Most Common Document Custodian Findings

Most Common Findings (Reviews Starting between 9/3/2013 and 8/22/2016)			
Rank	Level	Finding	Description
#10	Low Risk	740129	For the selected pool(s) that have been final certified, the date of the mortgagee title insurance policy is missing or is prior to the recording date on the security instrument and the Issuer has not provided evidence that the effective coverage is provided for the selected loan(s).

Risks of Findings

- Findings are classified as High, Medium or Low Risk
- Findings are based on the nature of compliance risk, not on materiality, frequency or potential financial impact.

Risk Level	Requirement Criteria
High Risk	<p><u>High Risk findings must meet one of the following criteria:</u></p> <ul style="list-style-type: none"> • Poses risk of non-timely or inaccurate payment to Ginnie Mae MBS Investors • Poses risk of participant default to Ginnie Mae • Poses risk of losses to Ginnie Mae in a default situation • Represents Significant Internal Controls Procedural Deficiency that, if unaddressed, could potentially disrupt successful management or transfer of the portfolio if Ginnie Mae were to assume the portfolio in a default situation
Medium Risk	<p><u>Medium Risk findings are findings which are not High Risk Findings and meet one of the following criteria:</u></p> <ul style="list-style-type: none"> • Represent a failure to administer the portfolio in such a way that, if unaddressed, portfolio value could be negatively affected in the future • Represent operational deficiencies that lead to potential unreliability of information reporting to Ginnie Mae • Represent issues of non-compliance that hinder the efforts of Ginnie Mae to provide proper oversight of the participant
Low Risk	All procedural findings that are not High Risk or Medium Risk



Tips for Improving Your Compliance Review Experience

- Advance Preparation:
 - Provide all requested documentation by the deadlines reflected in your Advance Letter, if not earlier (the earlier, the better).
 - Organize the requested documentation in a clear, easily identifiable format. Ensure each piece of documentation required per your Advance Selections has been collected.
 - Communicate with your review lead prior to the review regarding any questions and/or concerns you have about the review or the requested documentation.

Tips for Improving Your Compliance Review Experience

- On-Site Review:
 - Ensure all key personnel are available during the review, including for the entrance conference and the exit conference. Also, ensure that the review lead has the contact information for all key personnel.
 - Review the twice daily status updates sent by the review lead and communicate any questions regarding potential findings prior to the exit conference.
 - Adhere to the documentation deadlines communicated by the review lead during the review in order for the review to progress as efficiently as possible.
 - Provide ample space to conduct the review. This allows our testing to be finished in a more efficient and timely manner.



Tips for Improving Your Compliance Review Experience

- Follow-Up:
 - Submit all required FRP plans as soon as possible.
 - Submit all mitigating documents together and clearly labeled by finding.



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