

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

(A) *The Ginnie Mae Document Custodian's Role*

The primary role of the document custodian is to make required pool certifications and maintain physical and custodial control of required pool and loan documents. These activities are performed on behalf of Issuers, Ginnie Mae and security holders for the life of the pooled mortgages, or until its custodial responsibilities are transferred by the Issuer to another document custodian or otherwise terminated.

The document custodian is required to certify to Ginnie Mae that the loans constituting the pools of mortgages (as collateral for Ginnie Mae securities) are represented by the documents placed in the document custodian's control. The document custodian performs this function through a process of pool certifications and recertifications. Custodial guidelines for the certification and recertification processes are described generally in Chapters 11 and 13 of the Guide. Exceptions and additional requirements, if any, for particular pool types are described in Chapters 24 through 35 of the Guide.

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 is required to have only one document custodian.

Because 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. However, with respect to any specific loss Ginnie Mae may incur because of the absence of, or a defect in, a particular document, 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.

(B) *The Master Custodial Agreement*

The Issuer of a pool must obtain the services of an eligible custodial institution to hold all required documents relating to pools that serve as collateral for Ginnie Mae securities. The document custodian is required to perform its duties on behalf of Issuers,

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

security holders and Ginnie Mae for the life of each pool or, with Ginnie Mae's prior written approval, until its custodial responsibilities are transferred by the Issuer, or by Ginnie Mae, to another document custodian or otherwise terminated. It is the responsibility of the Issuer to select an eligible document custodian and enter into a Master Custodial Agreement, form HUD-11715 (Appendix III-4) ("form HUD 11715") for the submission of pools to the Pool Processing Agent ("PPA") for securities issuance.

By January 1 of each year, the Issuer and document custodian must execute a renewal form HUD-11715 which the Issuer must submit to the PPA, or else indicate to the PPA that no changes have been made to the existing agreement. The document custodian has no responsibility to verify that the renewal form HUD 11715 was submitted by the Issuer to the PPA, or that the Issuer indicated that no changes were made to the existing agreement.

The form HUD-11715 sets forth the role of both the Issuer and the document custodian in the Ginnie Mae Program. Once completed, form HUD-11715 covers all pools held by the custodian for an Issuer.

The document custodian negotiates all compensation for the performance of its custodial duties directly with the Issuer as stipulated in the form HUD-11715. The Issuer is responsible for paying custodial fees to the document custodian. Ginnie Mae has no obligation to pay any compensation to document custodians for services rendered.

Pursuant to the form HUD-11715, Ginnie Mae recognizes the document custodian as an agent of the Issuer. As the holder of collateral documents for Ginnie Mae securities, the document custodian's primary responsibilities are:

- (1) Physical safekeeping of pool and loan documents;
- (2) Certifying the completeness and consistency of the required pool and mortgage documents; and
- (3) Maintaining physical and custodial control over the release and transfer of pool and loan documents.

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

C) Safekeeping Requirements

The document custodian is required to protect the pool and loan documents in its physical custody. Ginnie Mae requires the document custodian to take reasonable precautions to protect the documents from theft, misplacement, fire, or other calamity.

To fulfill this safekeeping obligation, the document custodian is required to store the documents in a secure, fire-resistant facility and to develop and enforce procedures that:

- (1) Prevent unauthorized access to the documents; and
- (2) Maintain control over all documents received.

Required insurance coverages, fire protection standards and other requirements are presented in Chapters 2 and 7 of this Manual.

D) Certification Process

There are four different types of loan programs that may be pooled as collateral for Ginnie Mae securities. These programs are administered and insured by the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Affairs (VA), guaranteed by the Rural Housing Service (RHS), or guaranteed by the Secretary under Section 184 of the Housing and Community Development Act of 1992. Section 184 loans are administered by the Office of Public and Indian Housing (PIH), and include single family home mortgages, manufactured home loans, multifamily construction loans, project loans, and HECM loans.

Note, however, that only the single family loan pools, manufactured home loan pools, and HECM loan pools require both initial and final certifications. Construction loan pools and project loan pools do not require separate initial and final certifications. Instead, only the single certification made prior to the security issuance is required.

The document custodian is required to formally certify that the documents in its control completely represent the related loans and pools in accordance with Ginnie Mae requirements, and are consistent with the Schedule of Pooled Mortgages, form HUD-11706 or form HUD-11706H (Appendix III-7 of the Guide) (“form HUD-11706”).

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

The document custodian's certification, denoted on the back of the last page of the form HUD-11706, provides Ginnie Mae with assurance that all required documents:

- (1) Have been received;
- (2) Are in compliance with Ginnie Mae requirements;
and
- (3) Are both complete and consistent.

The document custodian is required to review the pool submission for missing, incomplete, or inconsistent documents. If defective documents are identified, the document custodian is required to notify the Issuer in a timely manner. It is the Issuer's responsibility to correct and/or resolve any defects identified by the document custodian or to provide the document custodian with adequate clarification for those defects that are not considered material. This responsibility continues for the life of the pool or until the pool is transferred to a new Issuer. The document custodian is responsible for verifying that all necessary corrections have been made by the Issuer before certifying any loan or pool.

In providing pool certifications, the document custodian acknowledges receipt of all required documents and certifies that the documents meet the standards as set forth in this Manual and in the Guide. In so doing, they are attesting that the documents are comparable, complete and consistent. For example, a marketable title is one that, while not completely clear, has only minor objections that would not jeopardize the validity of the lien, and that a well informed and prudent buyer of real estate would accept. Adherence to the standards set forth in this Manual provides a level of assurance as to the marketability of documents under the document custodian's control. Document custodians who fail to comply with standards communicated in this Manual jeopardize the marketability of the documents in their control and may be found in violation of the intent of the custodial requirements of the Ginnie Mae MBS program, as well as their respective forms HUD-11715.

(E) Certification Time Limitation

All initial certifications under the single family, manufactured home, and HMBS programs must occur before securities are issued. Final certifications under the multi-family program for construction and project loan pools must occur before the securities are issued.

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

Final certification for single family, manufactured home, and HMBS pools must be completed within twelve (12) months of the date of security issuance. A pool may be transferred, with Ginnie Mae prior approval, to a new document custodian before final certification, but such transfer does not extend the final certification deadline.

When a pool that has received final certification is transferred via a transfer of document custodian or Issuer responsibility, the pool must be recertified within twelve (12) months of the date of transfer.

An Issuer may transfer its Issuer responsibilities for some or all of the pools it services, provided that the transfer has been approved in writing by Ginnie Mae prior to the transfer. The following rules govern the eligibility of pools to be transferred. A pool may not be transferred if any of the following conditions exist:

- (1) Approval has not been granted by Ginnie Mae prior to the transfer (confirmation will be provided through GinnieNET to both document custodians involved in the transfer process);
- (2) The pool has an issue date more than twelve (12) months prior to the effective transfer date, and has not yet received final certification;
- (3) The issue date of the pool is less than 30 days before the effective date of the transfer, except in the case of immediate pool and loan package transfers;
- (4) The effective date of the proposed transfer is less than 180 days from the date of its last transfer; or
- (5) The pool was finally certified and subsequently transferred, but not yet recertified.

(F) Control of Documents

The document custodian is required to retain all pool-related documents for a single pool in one permanent storage location, as identified by the address of record on file with Ginnie Mae. The document custodian is required to permit representatives of the Issuer or Ginnie Mae (including Ginnie Mae's designees) to inspect any documents relating to pools under the document custodian's control. The Issuer may request removal of individual loan documents or an entire loan file by sending the document custodian, either in hard copy or electronically, a completed Request for Release of

CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

Documents, form HUD-11708 (Appendix V-5 of the Guide) (“form HUD-11708”). For a more detailed description of requirements for loan and document filing, removal and transfers, see Chapter 7 of this Manual.

(G) HUD Forms and Other Pool Documents

In its fiduciary role, a Ginnie Mae document custodian is required to accept, review, and maintain various types of documents (including required HUD forms) relating to the pools of mortgages supporting the Mortgage-Backed Securities. It is also the responsibility of the Issuer to fully and accurately complete required forms before delivery to the document custodian. It is the responsibility of the Issuer to provide the document custodian with a current Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide) (“form HUD-11702”) listing those officers authorized to execute the appropriate loan and pool documents. If a document custodian discovers pool documents to be incomplete or otherwise deficient, it must return, on a timely basis, the documents to the Issuer for correction. **It is important to note that while the Issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the Issuer responsible for the quality of those documents.**

All executed HUD forms must be filed in a specific Issuer Master File or Pool Master File for each pool.

Chapter 13 of the Guide generally describes the documents required for pool issuance. The individual program Chapters, Chapters 24 through 35 in the Guide, describe exceptions and additional documents, if any, that are required for the issuance of particular pool types.

Documents referred to in this Manual and identified by the term “form HUD” are included as Appendices in the Guide. They may be found on the Ginnie Mae website at www.ginniemae.gov .

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

(A) General Eligibility Requirements

To be a document custodian for Ginnie Mae pools, an organization must meet, and continue to satisfy, the following general requirements:

(1) Subject to Federal Banking Regulation & Oversight. The document custodian must be a financial institution subject to federal banking regulation and oversight by one of the following agencies:

- (a) Federal Deposit Insurance Corporation (FDIC);
- (b) Office of the Comptroller of the Currency (OCC);
- (c) National Credit Union Administration (NCUA);
- (d) Federal Reserve (FRB); or
- (e) Be a Federal Home Loan Bank (FHLB).

The document custodian must be in good standing with its 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. In the event of a failure to be in good standing with its primary regulator, the document custodian must immediately notify Ginnie Mae in writing of all formal or informal supervisory and/or regulatory actions, including terminations. Regulatory actions include, but are not limited to, supervisory agreements, cease and desist orders, notices of determination, memoranda of understanding, and any adverse action taken by the U.S. Department of Housing and Urban Development (HUD), Department of Public and Indian Housing (PIH), Department of Veterans Affairs (VA), Rural Development (RD), or by any state regulatory agency. Supervisory actions include, but are not limited to, the appointment of a trustee, conservator or managing agent.

The trust service function must be subject to periodic review or inspection by the primary regulator. If, upon such review, the trust service function is suspended or terminated, the Issuer and document custodian must notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) immediately and must transfer the documents to a new document custodian in accordance with Ginnie Mae instructions.

(2) Maintain physically secure, fire resistant storage facilities;

A document custodian must maintain secure, fire

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

resistant storage facilities with adequate access controls to ensure the safety and security of pool and loan documents. The access controls may be either in (1) an automated form, such as requiring each employee to use a security card reader (with electronic access record) to gain entry to the vault; or (2) a manual form, requiring two employees to be present whenever the vault is entered, with a written access log maintained.

All document custodial facilities must provide a minimum of two (2) hours of fire protection, which must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction or an independent, qualified fire protection contractor. This statement of compliance must be updated upon any significant change in the facility and be available for inspection by Ginnie Mae or its designee.

- (3) Employ personnel with in-depth knowledge of the Ginnie Mae programs for which it will provide document custody services;

A document custodian is required to utilize employees who are familiar with the procedures of their respective job function and:

- (a) The requirements for document custodians under the Ginnie Mae MBS program as contained in the MBS Guide, including this Manual;
 - (b) Demonstrate practical experience with each Ginnie Mae program type that represents loan and pool packages that will be held in custody;
 - (c) The required pool and loan documents; and
 - (d) The required Ginnie Mae, HUD, FHA, VA, RHS and PIH Section 184 documents and corresponding loan programs
- (4) Meet minimum Ginnie Mae financial requirements;

The document custodian must have available for review, by Ginnie Mae or its designee, annual financial statements audited by an Independent Auditor (IA) that report that the document custodian, or its parent, meets the minimum capital requirements of its primary regulator. Ginnie Mae, in its sole discretion, may allow institutions to hold documents and take on additional

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

work while operating under an approved management plan. However, while a document custodian is preparing a capital/management plan or awaiting approval of the plan by its regulator, the document custodian may be prevented from accepting Ginnie Mae related custodial work. Institutions will not be allowed to accept new Ginnie Mae related custodial work while experiencing a capital shortfall.

(5) Maintain minimum insurance coverages;

A document custodian must maintain the following insurance coverages to indemnify Ginnie Mae against losses involving Ginnie Mae pool and loan documents in its custody:

(a) Financial Institution Bond to include the following coverages:

- Fidelity
- Premises
- In Transit
- Forgery or Alteration

(b) Trust Operations Errors and Omissions (“E&O”) for document custodians holding in excess of \$500 million in Ginnie Mae pool and loan documents

The Financial Institution Bond must be underwritten by an insurance carrier with an A. M. Best’s rating of B+ or better (or be affiliated with Lloyds of London). The carrier must be specifically licensed or authorized by law to transact business within the states or territories in which properties securing the pool and loan documents are located.

The loss payable endorsement must name Ginnie Mae as the loss payee, as follows:

In the event of a loss affecting the interest of the Government National Mortgage Association, the Government National Mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.

Coverage must be maintained in amounts that are deemed adequate for the number of notes, mortgages, and assignments held in custody and that are deemed appropriate based on prudent business practice. The

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

deductible should be no more than the greater of five (5) percent of the document custodian's generally accepted accounting principles (GAAP) net worth or One Hundred Thousand Dollars (\$100,000), but in no case greater than (Ten Million Dollars) \$10,000,000.

(6) Follow established written procedures

The document custodian must establish and periodically update written procedures within its operation for Ginnie Mae pool and loan document review, and for the processing of pool and loan documents. The written procedures must, at a minimum, address the document review and control requirements set forth in this Manual.

(7) Maintain a written disaster recovery plan that covers restoration of the facilities, physical recovery of the files, and backup and recovery of information from electronic data processing systems. The disaster recovery plan must document, at a minimum:

- (a) The recovery of the electronic tracking system utilized by the document custodian (both data and reports);
- (b) The relocation/restoration of the document custodial facilities to ensure the continuing ability to perform required custodial functions;
- (c) Additional requirements for the testing and maintenance of the plan;
- (d) Procedures for notifying both the Issuer(s) and Ginnie Mae of a disaster within 24 hours of the event; and
- (e) Certification testing which provides for the disaster recovery plan to be tested annually and acknowledged by an independent party (i.e., Internal Audit or an Independent Auditor). Such acknowledgment must state that the test was completed successfully. In the event that the document custodian facility failed the disaster recovery test, the date of the failed test and the reason(s) for the failure, and the date the most recent successful test was completed.

The document custodian must inform Ginnie Mae and all Issuers affected by a disaster within 24 hours of the event. Continued discussions with Ginnie Mae staff

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

during the subsequent period are required until completed.

Actual recovery plans involving the re-creation of documents lost during the disaster will be reviewed on a case-by-case basis with Ginnie Mae staff, the Issuer and the document custodian.

Issuers ultimately bear full responsibility for the reconstruction of loan files. The degree of responsibility of the document custodian to the Issuer depends on the contractual agreement between the two parties.

- (8) Quality Control Plan. The document custodian must have in place a quality control plan for review standards utilized by the document custodian;

The document custodian also must have available for review, by Ginnie Mae or its designee, its most recent quality control audit report and must disclose any action taken as a result of the quality control review findings.

- (9) Good Standing. If the document custodian is a Government Sponsored Enterprise ("GSE") approved document custodian, it must be in good standing with the GSE(s), certify to Ginnie Mae to that effect, and certify whether it is or has been the subject of any adverse action by either GSE; and

In the event of any adverse action, including but not limited to suspension or termination of document custodian authority, by one or both of the GSEs, the document custodian must notify Ginnie Mae in writing immediately.

The document custodian also must notify Ginnie Mae in writing immediately upon the receipt of any adverse, supervisory or regulatory action taken against it by the U.S. Department of Housing and Urban Development (HUD) Office of Public and Indian Housing (PIH), the Federal Housing Administration (FHA), Department of Veterans Affairs, Department of Agriculture's Rural Development Office, or by a state licensing agency. Supervisory actions include, but are not limited to, the appointment of a trustee, conservator or managing agent. Regulatory actions include, but are not limited to, supervisory agreements, cease and desist orders, notices of determination, memoranda of understanding, and any adverse action taken by the U.S. Department of Housing and Urban Development (HUD) Office of Public

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

and Indian Housing (PIH), Federal Housing Administration, Department of Veterans Affairs, Department of Agriculture's Office of Rural Development, or by a state licensing agency.

(10) Other requirements

A document custodian must satisfy all requirements determined by Ginnie Mae, in its sole discretion, to be necessary for the protection of Ginnie Mae's interest in the pool and loan documents and set forth in writing.

(B) Requirements for Related Party Document Custodians

If an Issuer meets the requirements of Chapter 2-1(A) above and intends to perform the custodial functions required in this Manual for itself or for a related (affiliated) party, then the Issuer must have a separate trust department that is physically separate and vertically independent from the mortgage origination and/or servicing area, and the document custodial functions must maintain separate personnel, files, and operations.

In addition, the trust department must have obtained prior approval from its primary regulator to exercise fiduciary powers. Such fiduciary powers must (a) include ordinary trust services such as personal trust services, personal representative services (executor), guardianship, custodial services and/or investment advisory services offered to the public; and (b) not be limited to maintaining custody of documents for Ginnie Mae Issuers. The trust service function must also be subject to periodic review or inspection by the primary regulator. If, upon such review, the trust service function is suspended or terminated, the Issuer and document custodian must immediately notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) and must transfer the documents to a new document custodian pursuant to Ginnie Mae's instructions.

(1) Self Custody

If an Issuer meets all of the requirements for approval as a Document Custodian, as described in Section (A) of this Manual above, and intends to perform the document custodial functions required in this Manual for its own issuance activities, the Issuer must have a separate trust department that is physically separate and vertically independent from the mortgage origination and/or servicing area, and maintain separate personnel, files, and operations and must meet all of the additional requirements of this Section (B) described above.

(2) Custody by an Affiliate

An affiliate is an organization that can exercise control or significant influence over the management or operating policies of the Issuer, directly or indirectly, through some type of

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

influence or control or ownership, as defined in GAAP. An affiliate may also be an organization that is controlled by, or whose management or operating policies may be significantly influenced by, the Issuer, through some type of control or ownership, as defined in GAAP.

If the Issuer elects to contract with an affiliate to perform the Ginnie Mae custodial functions required in this Manual, the affiliate must demonstrate that it meets the general eligibility requirements of Section (A) and the trust department and fiduciary powers requirements of Section (B)(1) above, or if the custodial documents are not held in the trust department, the document custodian must be physically separate from the mortgage origination and/or servicing area and provide evidence satisfactory to Ginnie Mae that there is a vertical independence and separation between the Issuer and the document custodian.

(C) Documentation of Eligibility

The document custodian must retain the following information in its files as evidence of its compliance with Ginnie Mae requirements:

- (1) Management's statement that the organization is in good standing with its primary Federal banking regulator as described under Section (A)(1) above;
- (2) Documentation from the document custodian's insurance company, local fire marshal or an independent, qualified fire protection contractor as described under Section (A)(2) above;
- (3) Résumés from the on-site manager and the officers who will supervise the Ginnie Mae document custodial functions. Such résumés must address the requirements under Section (A)(3), as well as related trust and/or mortgage document custodial experience;
- (4) A current audited annual financial statement of the document custodian or its parent as required under Section (A)(4) above;
- (5) Evidence of insurance coverage, policies or commitments pertaining to insurance as required under Section (A)(5);
- (6) A statement from management that the organization has established the required written procedures for document review;
- (7) A copy of the approval from the Document Custodian's primary regulator permitting the institution to exercise

CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

fiduciary powers and a written statement from management explicitly describing how the organization meets the trust department requirements; or

If the document custodian is an Issuer that is performing custodial functions for itself (self-custody), maintain a copy of the approval from its primary regulator permitting the institution to exercise fiduciary powers and a written statement from management explicitly describing how the organization meets the trust department requirements under Section (B)1;

- (8) If the document custodian will provide document custodial services for an affiliated Issuer, then the document custodian must have a written statement from management describing the nature of the affiliate relationship, signed by both the issuer and the document custodian; a copy of the document custodian's written approval from its primary regulator to exercise fiduciary powers and a written statement from management clearly describing how the organization meets the trust department requirements under Section (B)(2), if applicable; and
- (9) A current listing of all Issuers for whom the document custodian provides document custody services, detailing the Ginnie Mae pools maintained by the document custodian on behalf of those Issuers.

This documentation must be retained by the document custodian and made available to Ginnie Mae or its designee.

The document custodian must be able to respond to inquiries from Ginnie Mae or its designee in a timely manner and demonstrate the capability and agreement to comply with the requirements described above and any other requirements that Ginnie Mae, in its sole discretion, may establish.

(D) Ginnie Mae Document Custodian ID Number

If the institution meets all eligibility requirements Ginnie Mae, in its sole discretion, may assign the institution a Ginnie Mae document custodian identification number. The institution must contact Ginnie Mae (see Addresses) to obtain a document custodian identification number. This ID number must be included in all correspondence with Ginnie Mae and with all custodial signatures on the HUD forms.

CHAPTER 3: SINGLE-FAMILY POOLS

(A) Description of Single-Family Pools

This Chapter describes custodial requirements for the following pool types (the Chapter in the Guide specifically pertaining to the individual programs is identified below):

Pool Type	Ginnie Mae MBS Guide
Single-Family, Level Payment Mortgages Pools	Chapter 24
FHASecure, Level Payment Mortgages	Chapter 33
Buy Down Mortgages Pools	Chapter 25
Adjustable Rate Pools	Chapter 26
Graduated Payment Mortgage Pools	Chapter 27
Growing Equity Mortgage Pools	Chapter 28
Serial Note Pools	Chapter 29

For purposes of this Manual, all of the above pool types are collectively referred to as "single-family."

(B) Responsibilities

In accordance with the conditions of the Master Custodial Agreement, form HUD-11715 (Appendix III-4 of the Guide) ("form HUD11715"), and the certification required on the Schedule of Pooled Mortgages, form HUD-11706 (Appendix III-7 of the Guide) ("form HUD-11706"), and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD-11706. At the discretion of the document custodian and the Issuer, documents may be delivered incrementally or after all required documents have been received for individual loan files. However, the Issuer may not collect all documents relating to an entire pool before forwarding the documents to the document custodian.

It is the document custodian's responsibility to:

- (1) Accept the documents when delivered;
- (2) Ascertain that the documents relate to the loans listed on the related form HUD-11706;
- (3) Review documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11 and 13 of the Guide;

CHAPTER 3: SINGLE-FAMILY POOLS

- (4) Notify the Issuer of any documents received that require correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

It is the Issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects that are not considered material.

Ginnie Mae may in its sole discretion, require Issuers who fail to meet certification or recertification deadlines to take action to mitigate Ginnie Mae's risk exposure. Such action may include, but may not be limited to a letter of credit. For an Issuer subject to the letter of credit requirement or other mitigation measure, the document custodian must indicate and attest to Ginnie Mae those loans that do not meet certification requirements.

(C) Initial Certification

By an initial certification, the document custodian certifies to Ginnie Mae that the Issuer has submitted the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued.

Outlines of the initial certification procedures for GinnieNET and non-GinnieNET pools and loan packages are set forth below, followed by the list of pool and loan documents required for initial certification, and detailed review procedures the document custodian is required to perform on the pool and loan documents to confirm their completeness and consistency.

(1) Initial Certification of GinnieNET Pools and Loan Packages

- A. The Issuer submits and the document custodian receives the required pool or loan package submission documents and loan documents.
- B. The document custodian retrieves the Schedule of Pooled Mortgages from GinnieNET and prints it.
- C. The document custodian reviews the loan documents (see review procedures below), verifies the information in the Schedule of Pooled Mortgages, and determines whether to initially certify or reject the pool. If the document custodian decides to initially certify the pool, the custodian will execute the initial certification following the instructions in the

CHAPTER 3: SINGLE-FAMILY POOLS

GinnieNET Issuer Guide.

- D. The document custodian transmits the certification or rejection over the GinnieNET system.
- E. The document custodian places the loan documents in safekeeping.
- F. Upon completing the initial certification, the document custodian prints out a copy of the Schedule of Pooled Mortgages and places it in the pool master file.

(2) Initial Certification of Non-GinnieNET Pools and Loan Packages

- A. Non-GinnieNET pools and loan packages are pools and loan packages submitted in original paper form. The Issuer submits to the document custodian the loan documents and the Schedule of Pooled Mortgages, form HUD-11706, in hard copy.
- B. The document custodian reviews the submission. If the documents are in order (see detailed review procedures below), the document custodian makes its initial certification on the back of the Schedule of Pooled Mortgages.
- C. The document custodian's initial certification must be made by the original signature of an officer of the document custodian. If the Schedule of Pooled Mortgages consists of more than one page, the original signature need only be affixed to the last page.
- D. After signing the initial certification, the document custodian places the loan documents and copies of the pool submission documents in safekeeping and, based on the Issuer's instructions, sends the pool or loan package submission documents and the original certification to the PPA. All pool or loan package submission documents required in connection with an initial certification must be submitted to the PPA as a complete package.
- E. The document custodian must deliver a copy of the initial certification to the Issuer and place a copy in the pool or loan package master file.

CHAPTER 3: SINGLE-FAMILY POOLS

(3) Required Pool and Loan Level Documents

For initial certification, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- A. Form HUD-11706;
- B. Certification and Agreement, form HUD-11711B (Appendix III-5 of the Guide) (“form HUD-11711B”) (in hard copy or electronic form). If the form HUD-11711B indicates a second party interest in any pooled mortgage, at least one original Release of Security Interest, form HUD-11711A (Appendix III-5 of the Guide) (“form HUD-11711A”), is required. If there are no second party interests in the pooled mortgages, a form HUD-11711A is not required;
- C. The original note or other evidence of indebtedness (including documents required for modified loans) endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer of the note be complete; and
- D. If the Issuer did not originate the loan, all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the pooling Issuer.

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the Original Mortgagee (“MOM”), no intervening assignments will be required as long as the loan remains registered with MERS.

If the loan is not registered to MERS, all intervening assignments from the originator to the pooling issuer must be complete. If the intervening assignments provide recording information, verify that the information is complete.

At initial certification the Issuer may use a blanket certification which certifies that all intervening assignments for mortgages located in the same

CHAPTER 3: SINGLE-FAMILY POOLS

recording jurisdiction have been transmitted for recordation.

As an alternative to individual intervening mortgage assignments, a blanket intervening assignment is acceptable if it is allowed in the jurisdiction in which the mortgaged properties are located, as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an Issuer can be made for mortgages as long as the mortgaged properties are located in the same recording jurisdiction.

- E. Modified Loans. The document custodian must obtain from the Issuer the following additional properly executed pool and loan documents for initial certification of modified loans that have been re-pooled:
- i. The original recorded loan modification agreement, or a copy of the loan modification agreement sent for recordation;
 - ii. If a subordination agreement has been provided by the Issuer, the document custodian must confirm that it is either the original subordination agreement, or a copy of the subordination agreement sent for recordation;
 - iii. The original note; and
 - iv. For loans modified on or after January 1, 2005, the original recorded security instrument as follows:
 - Modified less than 1 year from origination: a copy of the security instrument sent for recording; or
 - Modified 1 year or more from origination: the original recorded security instrument.
 - Loan modification agreements for properties located in Puerto Rico are not required to be recorded.
- F. Consolidation, Extension & Modification Agreements (NY CEMAs). Issuers may document refinanced mortgages secured by property located in New York State by using a NY CEMA. The NY CEMA specifically joins into one set of rights and obligations all of the promises and agreements stated in existing

CHAPTER 3: SINGLE-FAMILY POOLS

notes and mortgages secured by the mortgaged premises, including if new funds are advanced to the mortgagor at the time of the consolidation, a new note and mortgage. The result is that the mortgagor has one loan obligation that is paid in accordance with the terms of the NY CEMA.

Issuers originating a refinanced mortgage secured by property located in New York State for delivery to Ginnie Mae must use a current version of the New York Consolidation, Extension and Modification Agreement, Single-Family Fannie Mae/Freddie Mac Uniform Instrument (Form 3172). The Issuer must deliver to the document custodian the complete NY CEMA delivery package listed below, together with a separate, originally executed consolidated note, to allow for initial certification and pooling:

- i. The original consolidated note endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer of the note be complete;
- ii. A copy of the New York Consolidation, Extension, and Modification Agreement, Fannie Mae/Freddie Mac Uniform Instrument Form 3172 sent for recording;
- iii. Exhibit "A" (listing of all previous notes & mortgages being consolidated, extended and modified);
- iv. Exhibit "B" (property description);
- v. Exhibit "C" (copy of the executed consolidated note); and
- vi. Exhibit "D" (copy of the executed consolidated mortgage).

Items listed above in Section 3(C)(3)(Initial Certification Required Pool and Loan Level Documents) of this Chapter 3 are required for each pooled mortgage. In no case may a Request for Release of Documents, form HUD-11708 (Appendix V-5 of the Guide) ("form HUD-11708") substitute for a required loan document at the time the document custodian performs an initial certification. Releases may only be processed after the document custodian

CHAPTER 3: SINGLE-FAMILY POOLS

delivers its certification to Ginnie Mae via hard copy or through GinnieNET.

(4) Document Custodian Review Procedures – Initial Certification

At a minimum, the document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred to the Issuer in a timely manner for correction.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for the acceptability of the documents.

A. Form HUD-11706

- i. Verify that the total number of loans reported on the form HUD-11706 is consistent with the loan files received.
- ii. Verify that the form HUD-11706 has been completely filled out for both the Issuer and document custodian, including the Ginnie Mae identification numbers.
- iii. File the form HUD-11706 in the related Pool Master File.

B. Form HUD-11711B

- i. Verify that the pool number on the form HUD-11711B agrees with the Ginnie Mae pool/loan package number on the related form HUD-11706.
- ii. Determine that one of the two boxes on the form has been checked.
- iii. If the form HUD-11711B indicates that there is a second-party security interest in any pooled mortgage, verify that there is an original executed form HUD-11711A corresponding to the affected mortgage(s).
- iv. File the forms HUD-11711A and HUD-11711B, if required, in the Pool Master File.

CHAPTER 3: SINGLE-FAMILY POOLS

If the document custodian determines, or has reason to suspect, that an Issuer's certification is incorrect, the document custodian must refuse the form HUD-11711B until the certification issues have been resolved.

C. Promissory Note (or other evidence of indebtedness)

i. Verify that each item listed below is the same on both the promissory note and the related form HUD-11706:

- Mortgagor name(s);
- Principal amount (alpha and numeric);
- Interest rate (alpha and numeric);
- Monthly principal and interest payment (alpha and numeric);
- Term of the loan (first and last payment due dates);
- Property street address, city and state (if property address is included on the note);
- Verify the mortgage margin for ARMs
- Verify the interest rate change date for ARMs;
- Verify the index type for ARMs,
- Verify the interest rate cap structure for ARMs, including the initial, subsequent and lifetime interest rate cap structure on the note.

The interest rate change date, index type and interest rate cap structure must be the same for every note in the pool.

If a new note is signed due to changes resulting in a note with a different principal amount or P&I constant, the form HUD-11706 must be updated to reflect the new principal amount and P&I constant. The unpaid principal balance must not be changed. A copy of Ginnie Mae's approval letter approving the change must be placed in the loan

CHAPTER 3: SINGLE-FAMILY POOLS

file.

A note is deemed unacceptable if there are changes that materially affect the terms of the note and these changes are not initialed by the mortgagor(s). Material changes include changes to the original loan amount, interest rate, monthly payment or maturity date, or deletion of any of the mortgage covenants.

After verifying the consistency and accuracy of information on the form HUD-11706 and the promissory note under this Section 3(C)(4)(c)(i), the form HUD-11706 will then be the source document to be used to verify information on all other documents at final certification.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor over-signing or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, an original copy of the notarized name affidavit must be provided.

If the note has been executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and must be executed on or before the date of execution of the note. The copy of the power of attorney must be notarized and if the property address is present, verify it matches the property address on the note. The power of attorney must have been active and valid, at the time the note was executed. If the power of attorney specifically addresses real estate transactions, verify its terms permit the mortgage transaction to which it is attached.

If the note is secured by a security interest in real property for which a living trust holds title, (1)

CHAPTER 3: SINGLE-FAMILY POOLS

verify that each trustee signed the promissory note as trustee and (2) verify that each beneficiary (other than a contingent beneficiary) signed the promissory note in his/her individual capacity as a borrower.

- iii. Verify that a complete chain of endorsements exists from the loan originator to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.

The endorsement by the pooling Issuer should be on the note, be in blank, and should not include a date. Allonges may be used as long as they are enforceable and meet the requirements of the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction in which the property is located and enforceable. Allonges may not be used in jurisdictions where their use is not allowed.

- iv. Verify that the undated endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide) ("form HUD-11702"). It is the Issuer's responsibility to ensure that the document custodian has a current copy of form HUD-11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the Issuer's corporate charter and are permitted by corporate resolution;

CHAPTER 3: SINGLE-FAMILY POOLS

- The use of such signatures is authorized by a resolution duly enacted by the Issuer's board of directors; and
 - Such signatures must be notarized when required by jurisdictional law.
- v. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If any are present, verify that such sections have been completed. The notarization, acknowledgment or witness date must be the same date as the mortgagor signature(s), which can be on or before the date on the note.
- vi. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective documents must be filed with the original note.
- vii. If the note has been lost in transit to the document custodian, or in some other way, prior to initial certification of the pool, then the Issuer must obtain the borrower's original signature on a copy of the pooled note, or the pool may not be certified.

If the pooled note is missing, the document custodian must request that the Issuer provide a copy of the pooled note with original signatures by the mortgagors. Neither a lost instrument bond nor a lost note affidavit may substitute for a missing pooled note at the time of initial certification.

However, for NY CEMAs and loan modifications, a lost instrument bond with limited liability, in the form prescribed by Ginnie Mae, is permitted as indicated below, if it has been obtained from an unaffiliated insurance or surety company and is accompanied by the appropriate power of attorney and certification as required by the insurance or surety company.

CHAPTER 3: SINGLE-FAMILY POOLS

- NY CEMAs—A lost instrument bond may substitute for a prior note listed in “Exhibit A” of the Consolidated Note and must be in an amount that is at least the amount represented by the missing note.
- Modified Loans—A Lost Instrument Bond may substitute for the note executed at the time the loan was made and must be for the full amount of the missing note.

Note: Appendix I of this Document Custodian Manual is the form of the lost instrument bond with limited liability that is prescribed by Ginnie Mae and must be used. Substitution of a different form will not be accepted. Lost note affidavits are not acceptable.

D. Security Instrument Assignments

i. Individual Mortgage Intervening Assignments

- Verify that all intervening assignments follow a complete chain of title from the original lender to the Issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee (“MOM”), no intervening assignments will be required as long as the loan remains registered with MERS.
- Ginnie Mae requires a chain of assignments from the originator of the mortgage loan to the current Issuer. The mortgage assignments must be complete. The note endorsement may be from the originator to company “C” and the intervening assignments may be from the originator to company “B”, then to company “C”. Both the note and security instrument must have a complete chain of title, even if the two chains are not identical.
- Verify that all intervening assignments have been transmitted for recordation, if required. The Issuer may generate a blanket certification for each individual pool in letter form certifying that all intervening assignments have been transmitted for recordation. Copies of the intervening assignments are not required at initial certification if the Issuer

CHAPTER 3: SINGLE-FAMILY POOLS

provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.

- Verify that the mortgagor name(s) on the assignment agree(s) with the form HUD-11706.
- If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from outside legal counsel qualified to practice law in the jurisdiction in which the property is located. The legal opinion must state that the assignment(s) are enforceable in the jurisdiction where the mortgaged property is located. The original legal opinion letter must be filed in the loan file.

ii. Blanket Intervening Assignments

- Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools that are in the same recording jurisdiction.
- Verify that all blanket intervening assignments have been certified by the Issuer as having been transmitted for recordation.
- Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies and that a copy of the recorded blanket intervening assignment sent for recording is maintained in the applicable Pool Master File. The recorded original blanket intervening assignment when received is maintained in the Issuer Master File.
- Ginnie Mae permits the use of a blanket intervening assignment certification form in lieu of making a copy of the recorded blanket

CHAPTER 3: SINGLE-FAMILY POOLS

intervening assignment sent for recording for each loan. The certification form must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Issuer Master File.

- A blanket intervening assignment is acceptable if it is allowed in the jurisdiction in which the mortgaged properties are located, as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an Issuer can be made for mortgages as long as the mortgaged properties are located in the same recording jurisdiction.

Note: Security instrument assignments (both individual mortgage intervening assignments and blanket intervening assignments) are not required in Puerto Rico.

E. Modified Loans – Additional Document Custodian Procedures

(i) Loan Modification Agreement

- Verify that each item listed below is the same on both the loan modification agreement and the security instrument executed at the time of loan origination:
 - Mortgagor name(s);
 - Date of original security instrument;
 - Property address;
 - Legal description;
- Verify signatures of all persons (or their authorized representative(s)) who signed the original security instrument unless a mortgagor or co-mortgagor is deceased or has been released from liability; or a new borrower has been added to the loan through the modification and the file contains appropriate documentation. Verify that any required notarization, acknowledgment, or witness sections have been completed. The notarization, acknowledgment or witness date

CHAPTER 3: SINGLE-FAMILY POOLS

must be the same as the mortgagor signature(s), which can be on or before the date on the loan modification.

- If the modification agreement is secured by a security interest in real property for which a living trust holds title, (1) verify that each trustee of the living trust has signed the modification agreement as trustee and (2) verify that each beneficiary (other than a contingent beneficiary) of the living trust has signed the modification agreement in his/her individual capacity as a borrower.
- Loan modification agreements for properties in Puerto Rico are not required to be recorded.

(ii) Security Instrument

- Verify that each item listed below is the same on both the security instrument and the original promissory note:
 - Mortgagor name(s);
 - Property address;

F. NY CEMA loans – Additional Document Custodian Initial Certification Procedures

In addition to procedures described in Section (C)(3)(f) above, of this Manual, the following procedures must be performed for purposes of initial certification of pools containing NY CEMA loans:

i. Consolidated Note

- Verify that each item listed below is the same on both the promissory note and the related form HUD-11706:
 - Mortgagor name(s);
 - Principal amount (alpha and numeric);
 - Interest rate (alpha and numeric);
 - Monthly principal and interest payment (alpha and numeric);
 - Term of the loan (first and last payment due dates);
 - Property street address, city and state (if property address is included on the note);

CHAPTER 3: SINGLE-FAMILY POOLS

- Verify the mortgage margin for ARMs
 - Verify the interest rate change date for ARMs;
 - Verify the index type for ARMs,
 - Verify the interest rate cap structure for ARMs, including the initial, subsequent and lifetime interest rate cap structure on the note.

The interest rate change date, index type and interest rate cap structure must be the same for every note in the pool.

If a new consolidated note is signed due to changes resulting in a consolidated note with a different principal amount or P&I constant, the form HUD-11706 must be updated to reflect the new principal amount and P&I constant. The unpaid principal balance must not be changed. A copy of Ginnie Mae's letter approving the change must be placed in the loan file.

A consolidated note is deemed unacceptable if there are changes that materially affect the terms of the note and these changes are not initialed by the mortgagor(s). Material changes include changes to the original loan amount, interest rate, monthly payment or maturity date, or deletion of any of the mortgage covenants.

- Verify that each signature on the consolidated note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor over-signing or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the

CHAPTER 3: SINGLE-FAMILY POOLS

types of variances discussed above, an original copy of the notarized name affidavit must be provided.

- If the consolidated note is executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and should be executed on or before the date of execution of the note. The copy of the power of attorney must be notarized and if the property address is present, verify that it matches the property address on the note. The power of attorney must have been active and valid at the time the consolidated note was executed. If the power of attorney specifically addresses real estate transactions, verify that its terms permit the mortgage transaction to which it is attached.
- If the consolidated note is secured by a security interest in real property for which a living trust holds title, (1) verify that each trustee signed the promissory note as trustee and (2) verify that each beneficiary (other than a contingent beneficiary) signed the promissory note in his/her individual capacity as a borrower.
- Verify that a complete chain of signed endorsements exists from the loan originator to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.
- Verify that the endorsement by the pooling Issuer is on the note, in blank, and does not include a date. Allonges may be used as long as they are enforceable and meet the requirements of the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction in which the property is located and is enforceable. Allonges may not be used in jurisdictions where their use is not allowed.

CHAPTER 3: SINGLE-FAMILY POOLS

- Verify that the undated endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide). It is the Issuer's responsibility to ensure that the document custodian has a current copy of form HUD-11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the Issuer's corporate charter and are permitted by corporate resolution;
- The use of such signatures is authorized by a resolution duly enacted by the Issuer's board of directors; and
- Such signatures must be notarized when required by jurisdictional law.
- Examine the consolidated note for sections requiring a notarization, acknowledgment or witness. If any are present, verify that such sections have been completed. The notarization, acknowledgment or witness date must be the same as the mortgagor signature(s) date on the note.
- Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective documents must be firmly affixed to the original note.
- In the case of a missing consolidated note, the

CHAPTER 3: SINGLE-FAMILY POOLS

document custodian must request that the Issuer provide a copy of the consolidated note with original signatures by the mortgagors. Neither a lost instrument bond nor a lost note affidavit is acceptable.

ii. Consolidation, Extension, & Modification Agreements (NY CEMAs)

Verify that each item below is the same on both the consolidated note and the NY CEMA.

Exhibit "A"

- Verify that a listing of all previous notes and mortgages being consolidated, extended or modified is present.

Exhibit "B"

- Verify that the property description is present.

Exhibit "C"

- Verify that a copy of the executed consolidated note is present.

Exhibit "D"

- Verify that a copy of the executed consolidated mortgage is present.

(5) Completion of the Initial Certification Process

For completion of initial certification of non-GinnieNET pools, the document custodian must date and sign the initial certification on the hard copy of the form HUD-11706, and must identify the name, address and Ginnie Mae ID number of the document custodian, including the name and title of the authorized individual who signed the certification. If the form HUD-11706 includes more than one page, the document custodian need only sign the last page.

For completion of initial certification of GinnieNET pools, the document custodian retrieves the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages from GinnieNET and prints it. Upon completion of the custodian's review of the pool and loan documents, and the decision to initially certify or reject the pool or loan package, the custodian then executes the initial certification and transmits the certification or rejection over the GinnieNET system, following the instructions in the GinnieNET Issuer Guide.

CHAPTER 3: SINGLE-FAMILY POOLS

(D) Final Certifications Pools must receive final certification within 12 months of the securities issuance date.

The final certification deadline date remains unchanged even when the document custodian at the time of final certification is different from the document custodian that issued the initial certification. Accordingly, the final certification deadline remains unchanged even when the change in document custodial responsibility was necessitated or caused by a transfer of Issuer responsibility. If the new document custodian prepares the final certification, recertification will not be required.

A form HUD-11708 with a non-liquidation release reason code may not substitute for a loan document or a promissory note at the time the document custodian reviews the loan file for final certification except as expressly provided herein.

Document Requirement Exception: An Issuer may substitute a loan file that has been released for a non-liquidation reason related to bankruptcy, foreclosure, or loss mitigation with a written attestation, **but if, and only if:**

- (a) all documents in the relevant loan file were present and reviewed by the document custodian prior to the file's release, and;
- (b) The Issuer attestation must:
 - Be prepared on Issuer's letterhead;
 - Include the reasons why the file has been requested for release and why the files cannot be returned to the custodian (bankruptcy, foreclosure, or loss mitigation) prior to the final certification due date);
 - Identify the name of the person or entity in possession of the file;
 - Be signed by a representative of the entity in possession of the file;
 - Identify the Issuer loan number, pool number, and borrower(s) last name(s);
 - Include the following language "I certify that I have not knowingly or willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than

CHAPTER 3: SINGLE-FAMILY POOLS

\$10,000 or imprisoned for not more than five years, or both.” and

- Be signed by a person authorized to sign for and on behalf of the Issuer and whose signature appears on the form HUD-11702.

Issuers may reference multiple loans on one attestation provided that the loans involved all reside in the same pool and are held by the same document custodian. Document custodians must maintain all written certifications in the pool master file. These certifications may be reviewed and verified as part of Ginnie Mae’s compliance review of the Issuer or Custodian.

(1) Final Certification of Certain GinnieNET Pools and Loan Packages

- A. An Issuer may elect to have a pool or loan package receive final certification through GinnieNET if:
- i. it backs securities with an issue date of May 1, 1999 or later;
 - ii. it was initially certified using GinnieNET; and
 - iii. neither the Issuer responsibility nor the document custodian responsibility for the pool or loan package has been transferred prior to final certification (other than pursuant to an immediate transfer of Issuer responsibility (PIIT) under Section 10-10 of the MBS Guide) upon issuance of the related securities.
- B. Within 12 months of the date of issuance of securities backed by a pool or loan package that received initial certification, the Issuer must provide the document custodian with the original recorded mortgages listed on the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages and all other documents necessary for final certification.
- C. The document custodian must review the required documents. If the documents are in order, the document custodian, following the instructions in the GinnieNET Issuer Guide, executes the final certification and transmits the certification over the GinnieNET system. This form must be transmitted and approved by the PPA within 12 months of the

CHAPTER 3: SINGLE-FAMILY POOLS

issuance date of the securities.

- D. Upon completing the final certification, the document custodian must ensure that a copy of the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages is placed in the pool or loan package master file. The Issuer must also maintain in its files a copy of the Scheduled of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages bearing the completed final certification.

(2) Final Certification of All Other Pools and Loan Packages

- A. This section is applicable to all pools and loan packages except those receiving final certification through GinnieNET.
- B. Within 12 months of issuance of securities backed by a pool or loan package of mortgages that was initially certified, the Issuer must provide the document custodian with the original recorded mortgages listed on the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages and all other documents necessary for final certification.
- C. The document custodian reviews the required documents. If the documents are in order, the document custodian makes its final certification on the back of the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages.
- D. The document custodian's final certification must be made by the original signature of an officer of the document custodian. If the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages consists of more than one page, the original signature need only be affixed to the last page.
- E. After signing the final certification, the document custodian, based on the Issuer's instructions, either sends the original final certification to the PPA or sends it to the Issuer so that the Issuer can forward it to the PPA. The form must be forwarded to and approved by the PPA within 12 months of issuance of the securities.

CHAPTER 3: SINGLE-FAMILY POOLS

- F. If a pool or loan package is transferred to a new Issuer or to a new document custodian before final certification, the transfer does not extend the final certification deadline.
- G. The document custodian must deliver a copy of the final certification to the Issuer and place a copy in the pool or loan package master file.

(3) Required Documents

Within twelve (12) months of issuance, the Issuer is required to deliver the following additional documents to the document custodian for final certification:

- A. Original security instrument securing repayment of the indebtedness, signed by the mortgagor and recorded. Upon receipt of the original security instrument or modification agreement from the recorder's office, the Issuer is required to forward the original recorded document to the document custodian. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation.
- B. Original intervening assignments of the security instrument from the originator up to the current Issuer, or to MERS. The assignments must have been recorded and the chain of assignments must be complete. Copies of the intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation, yet were not available at the time of initial certification.
- C. A copy of the Mortgagee's title insurance policy is acceptable.
- D. Evidence of Agency Insurance or Guaranty of the Loan (FHA, VA, RD or PIH).
- E. Modified Loans. The following additional documentation is required for modified loans in Ginnie Mae pools:
 - i. Original recorded loan modification agreement. A copy is acceptable only if the original has been lost and the copy clearly shows evidence of

CHAPTER 3: SINGLE-FAMILY POOLS

recordation.

- ii. Original recorded subordination agreements, if present. Copies are acceptable if the copies clearly show evidence of recordation.

Title policy and title policy endorsement reflecting the recordation of the loan modification agreement and subordination agreement(s), ensuring that the total amount of the modified loan is insured and that the modified loan retains first lien position.

An ALTA Form Mortgage Modification Policy (MMP) is acceptable in lieu of an endorsement to the existing title policy provided that all loan amounts added to the original principal balance of the modified loan are insured under the MMP, and any liens added to the title after the original date of the mortgage are subordinated at the time of the modification. Examples of these types of liens include but are not limited to second mortgages, HOA liens and mechanic's liens.

F. NY CEMA Loans. The following additional documentation is required for NY CEMA loans:

- i. The original consolidated note endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the current Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the current Issuer of the note be complete;
- ii. The original recorded New York Consolidation, Extension, and Modification Agreement or Fannie Mae/Freddie Mac Uniform Instrument Form 3172. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation;
- iii. Exhibit "A" (listing of all previous notes & mortgages being consolidated, extended and modified);
- iv. Exhibit "B" (property description);
- v. Exhibit "C" (copy of the executed consolidated note); and all prior consolidated notes bearing original signatures, and a copy of the current executed consolidated note from each previous

CHAPTER 3: SINGLE-FAMILY POOLS

modification as listed on Exhibit "A" are present. If a consolidated note is missing, verify that a lost instrument bond is present.

- vi. Exhibit "D" (copy of the executed consolidated mortgage).

Items discussed in Section 3(C) (f) of this Chapter are required for each NY CEMA mortgage.

(4) Final Certification – Document Review Process

For each loan file, the document custodian is required to perform the following review procedures on the documents listed to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

It is important to note that, while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for document validity.

It also is important to note that all documents that were present for the initial certification must still be present in the file at the time of final certification. An Issuer may substitute a loan file loan file that has been released for a non-liquidation reason related to bankruptcy, foreclosure, or loss mitigation with a written attestation, **but if, and only if**:

- (a) all documents in the relevant loan file were present and reviewed by the document custodian prior to the file's release; and
- (b) The Issuer attestation must:
 - Be prepared on Issuer's letterhead;
 - Include the reasons why the file has been requested for release and why the files cannot be returned to the custodian (bankruptcy, foreclosure, or loss mitigation) prior to the final certification due date;
 - Identify the name of the person or entity in possession of the file;
 - Be signed by a representative of the entity in possession of the file;
 - Identify the Issuer loan number, pool

CHAPTER 3: SINGLE-FAMILY POOLS

number, and borrower(s) last name(s);

- Include the following language “I certify that I have not knowingly or willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.” and
- Be signed by a person authorized to sign for and on behalf of the Issuer and whose signature appears on the form HUD-11702.

Issuers may reference multiple loans on one attestation provided that the loans involved all reside in the same pool and are held by the same document custodian. Document custodians must maintain all written certifications in the pool master file. These certifications may be reviewed and verified as part of Ginnie Mae’s compliance review of the Issuer.

A. Security Instrument

- i. Verify that each item listed below is the same on both the security instrument and the form HUD-11706:
 - Mortgagor name(s);
 - Principal amount (alpha and numeric);
 - Term of loan (first and last payment due dates);
 - Property street address, city and state (if property address is included on the security instrument).
- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. Verify that the security instrument includes evidence of recording or filing date stamp. Ginnie

CHAPTER 3: SINGLE-FAMILY POOLS

Mae exempts mortgages in Hawaii and Torrens jurisdictions from this requirement for purposes of final certification due to delays in registration in those jurisdictions. Upon receipt of the original mortgage documents from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For loans in Puerto Rico, the document custodian must verify receipt of a copy of the executed mortgage documents affecting the title to the mortgage, filed with the recorder's office. The Issuer must certify that these are copies of the originals and that the original mortgage documents were registered in compliance with local jurisdictional law.

- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that all signatures on the security instrument agree with the signatures on the note. Ginnie Mae requires that if there are multiple mortgagor names on the note, all names should be on the security instrument. If not, an explanation must be placed in the file.

If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor over-signing or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness. The notarization, acknowledgment or witness must date must be the same as the borrower signature(s), which can be on or before the date of the note.

CHAPTER 3: SINGLE-FAMILY POOLS

- vii. Verify that the trustee's name appears on the security instrument, if applicable.
- viii. Verify that any rider or addendum properly relates to the security instrument by confirming that the appropriate box has been checked on the security instrument. If the rider box is not checked and the rider is attached, it is acceptable for certification purposes. If the rider box is checked and the rider is not attached, it is not acceptable for certification purposes.
- ix. Verify that any rider or addendum is recorded and that the recording information corresponds to the security instrument.
- x. Ginnie Mae will accept a copy of the recorded security instrument only if the original has been lost and the copy clearly shows evidence of recordation.

B. Intervening Assignments

- i. Determine that intervening security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation prior to initial certification, have been replaced at final certification with a recorded original if jurisdictional law requires recording, or a copy that clearly shows evidence of recordation. As necessary, perform additional procedures cited in Section 3(c)(4)(d)(i) and Section 3(C)(4)(d)(ii).

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting the title to mortgages that were filed with the recorder's office. The Issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original assignments from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed

CHAPTER 3: SINGLE-FAMILY POOLS

along with the title, without the need to notify the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in its payment terms, then the intervening assignments would also require re-recording and the mortgagee title insurance policy must be brought forward ("date down" the policy) to the re-recording date.

- ii. Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. For jurisdictions where recordation is not required, the document custodian must confirm that there is a legal opinion from qualified outside legal counsel licensed to practice law in the jurisdiction in which the property is located. The legal opinion must state that the intervening assignment is enforceable in the jurisdiction where the secured property is located. This opinion should be maintained by the document custodian in the Issuer Master File. The original unrecorded assignment must be maintained in the appropriate loan file.
- iii. Ginnie Mae will accept copies of the recorded assignments only if the originals have been lost and if the copies clearly show evidence of recordation.
- iv. Ginnie Mae requires that the original recorded blanket intervening assignment be maintained in the custodial Pool Master File with copies in the individual loan files. A copy of the recorded blanket intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recording.

Ginnie Mae permits the use of a blanket intervening assignment certification form. The certification form must be placed in each loan file where the loan was assigned on the blanket intervening assignment along with the original or copy of the recorded blanket intervening assignment (clearly showing evidence of recordation) maintained in the Pool Master File.

CHAPTER 3: SINGLE-FAMILY POOLS

C. Mortgagee Title Insurance – (Not Applicable to HUD-Disposition, Hawaiian Homelands, or VA Vendee Loans)

- i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable.
- ii. Confirm that the policy has a policy number.
- iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
 - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In those instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument occurs for the purpose of altering any of the payment terms, the title insurance must be brought forward (“date down” the policy) to the

CHAPTER 3: SINGLE-FAMILY POOLS

re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

- Amount of insurance coverage for the lender, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage. This balance must also be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.

- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:

- Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable);
- Trustee name(s), if applicable; and
- Principal amount.

- v. Verify that the legal description on Schedule A includes either of the following:

- A phrase that specifically references the legal description in the security instrument; or
- A complete legal description.

Ginnie Mae requires that the legal description on Schedule A exactly matches the legal description on the security instrument.

- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee and “its successors and/or assigns.” If the definition of “insured” did not include each ownership successor or assignee of the

CHAPTER 3: SINGLE-FAMILY POOLS

indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of "insured".

vii. If a short form title policy is used, the following information must be verified:

- Date of title insurance policy, which must be the same as or later than the recording date on the security instrument; in some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In these instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language which states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward (date down the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor names(s) and/or property address corrections.

- Amount of insurance coverage for the lender, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal

CHAPTER 3: SINGLE-FAMILY POOLS

balance of the loan must be less than the title insurance coverage, and supported by a loan history or a Ginnie Mae waiver letter stating why the insured amount is different.

- Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable).
 - Property street address, including city and state.
 - Date of security instrument.
- viii. Verify that the named insured under the title insurance policy is the name of the mortgagee and “its successors and/or assigns.” If the definition of “insured” did not include each ownership successor or assignee of the indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee.

All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

Due to variances between states in title insurance policy form requirements, to the extent any of the information above does not appear on the title insurance product, an opinion from qualified outside legal counsel must be obtained that states that the absence of such information does not invalidate the title insurance policy coverage.

- ix. If a clerk-certified Torrens certificate or an original attorney’s opinion which references an abstract of title has been provided, procedures in Section 3(D)(3)(c)(i) through Section 3(D)(4)(c)(iv) should be modified appropriately.

The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.

- x. If a master title policy is used, a copy of the certificate of title must be placed in the loan file and the procedures in Section 3(D)(4) should be modified accordingly.

CHAPTER 3: SINGLE-FAMILY POOLS

- For PIH Section 184 loans, if a Title Status Report (TSR), in the case of a leasehold mortgage on tribal trust land or allotted trust land is provided, procedures in Section 3(D)(4)(c) should be modified appropriately.
- Verify the existence of an adjustable rate or condominium endorsement to the title insurance policy if an adjustable rate and/or condominium rider is attached to the security instrument.

D. Evidence of Agency Guaranty or Insurance

The following table summarizes Ginnie Mae requirements relating to custodial review of FHA insurance and VA and RD guarantees.

Issuer and Document Custodian Requirements for Evidence of Agency Insurance/Guaranty		
Pool Issuance Date	FHA Requirements	VA & RHS Requirements
January 1, 2003 or later	Document custodians may certify loans without evidence of FHA insurance.	Document custodians may certify loans without evidence of guaranty.
Prior to January 1, 2003	Requires one of the following: <ul style="list-style-type: none"> • Issuer to provide paper MIC: or • Issuer may direct document custodian to review the duplicate MIC on FHA Connection: or • Issuer may provide a screen print of a duplicate MIC or other evidence of insurance from FHA Connection 	Document custodians may certify loans without evidence of guaranty.

i. Review of Mortgage Insurance Certificate (MIC)

The following review procedures are required when reviewing the MIC (if required based on pooling date).

1. Verify that each item listed below is the same on both the MIC and the form HUD11706:

CHAPTER 3: SINGLE-FAMILY POOLS

- Mortgagor name(s);
- Property address;
- Principal amount;
- Interest rate;
- Monthly principal and interest payment; and
- Term of loan (first and last payment due dates).

In the case of minor misspellings in the mortgagor's name, additional titles, such as "Jr." or "Sr.", that differ slightly from the names on the note, missing street types, and zip codes, see Chapter 5, Paragraph 5-12 of FHA 4000.2 Rev-3, *Mortgagees' Handbook Application Through Insurance*. FHA is the final authority on the acceptability of MICs. Ginnie Mae will accept minor MIC errors if the errors are acceptable to FHA.

If the principal amount shown on the MIC exceeds the amount shown on the form HUD-11706, the MIC is acceptable.

If the principal amount shown on the MIC equals or exceeds the remaining principal balance on the loan, the MIC is acceptable.

If the principal amounts shown on the MIC and the form HUD-11706 differ, the monthly principal and interest payments shown on the two documents might also differ.

2. Verify that the FHA case number on the Form HUD-11706 agrees with the case number on the MIC.

In situations where the FHA case number differs between the MIC and the form HUD-11706, the case number on the MIC governs, and the form HUD-11706 must be corrected. The FHA case number may be manually corrected on form HUD-11706. The Issuer is responsible for the change; however, the

CHAPTER 3: SINGLE-FAMILY POOLS

Issuer may authorize the document custodian to make certain corrections on the Issuer's behalf. The Issuer and document custodian must agree on which corrections the document custodian will make.

3. Verify that FHA has signed the MIC and that the MIC includes the endorsement date. If the FHA case number needs to be corrected on the form HUD-11706, the Issuer is responsible for that change. The FHA case number may be manually corrected on form HUD-11706.

ii. FHA Connection

The following procedures are required when the document custodian is reviewing information in FHA Connection to ascertain the existence of insurance (if required based on pooling date):

- Verify that each item listed below is the same on both the FHA Connection and the form HUD-11706:
 - Mortgagor name(s);
 - Property address;
 - Mortgage amount;
 - Interest rate; and
 - Endorsement date.

It is acceptable for the mortgage amount shown on FHA Connection to exceed the amount shown on form HUD-11706.

- Verify that the FHA case number on the form HUD-11706 agrees with the case number on FHA Connection.

In situations where the FHA case number differs between FHA Connection and the form HUD-11706, the case number on FHA Connection governs and the form HUD-11706 must be corrected. The FHA case number may be manually corrected on form HUD-

CHAPTER 3: SINGLE-FAMILY POOLS

11706. The Issuer is responsible for the change, however, the Issuer may authorize the document custodian to make certain corrections on the Issuer's behalf. The Issuer and document custodian must agree on which corrections the document custodian will make.

iii. Indian Loan Guarantee Certificate (ILGC)

The following review procedures are required for all PIH Section 184 loans:

- Verify that each item on the Indian Loan Guarantee Certificate (ILGC) listed below agrees with the form HUD-11706 as follows:
 - Mortgagor name(s);
 - Property address;
 - Mortgage amount; and
 - Interest rate.
- Verify that the PIH Section 184 case number on the form HUD-11706 agrees with the case number on the ILGC. In the event of a discrepancy between the PIH Section 184 case number on the ILGC and the form HUD-11706, the case number on the ILGC governs, and the form HUD-11706 must be corrected. The Issuer, however, may authorize the document custodian to make certain corrections on the Issuer's behalf.
- Verify that the ILGC has been signed by an authorized agent of the Assistant Secretary for Public and Indian Housing.

E. Modified Loans

The document custodian is required to perform the following review procedures on the additional documents required for modified loans in Ginnie Mae pools, to confirm the documents' completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

CHAPTER 3: SINGLE-FAMILY POOLS

(i) Original Loan Modification Agreement

- Verify that the loan modification agreement is the original, and includes evidence of recording or filing date stamp. Ginnie Mae will accept a copy of the recorded loan modification agreement only if the original has been lost and the copy clearly shows evidence of recordation.

(ii) Original Subordination Agreement (if present)

- Verify that the existing mortgage and the loan modification agreement are specifically described.
- Verify that the document has been executed, acknowledged and recorded. Ginnie Mae will accept a copy of the recorded subordination agreement only if the original has been lost and the copy clearly shows evidence of recordation.

(iii) Mortgagee Title Policy Endorsement

- Verify that a title policy or title policy endorsement/Mortgage Modification Policy, has been delivered and reflects recordation of the loan modification agreement.
- Verify each of the following items, appearing in the title policy or title policy endorsement/ Mortgage Modification Policy to the loan modification agreement:
 - Date of title insurance policy endorsement, which must be the same as or later than the recording date on the loan modification agreement.
 - Amount of insurance coverage for the Mortgagee, which must be no less than the modified amount of the mortgage.
 - Mortgagor name(s). Minor misspellings of mortgagors name(s) are acceptable.
 - Property street address, including city and state.
 - Date of loan modification agreement.
 - Modified mortgage amount.

CHAPTER 3: SINGLE-FAMILY POOLS

- Verify that the named insured under the title insurance policy endorsement is the name of the Mortgagee or that the title policy definition of “insured” includes each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring; or
- If an updated clerk-certified Torrens certificate or an updated original attorney’s opinion which references an abstract of title has been provided, procedures in Section 3(D)(4)(c) should be modified appropriately. The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.
- If a master title policy is used, a copy of the certificate of title must be placed in the loan file and the procedures in Section 3(D)(4)(c) should be modified accordingly.
- For PIH Section 184 loans, if a Title Status Report (TSR), in the case of a leasehold mortgage on tribal trust land or a trust mortgage on allotted individual trust land is provided, an updated TSR to reflect the loan modification agreement must also be provided and the procedures in Section 3(D)(4)(c) should be modified accordingly to accommodate the differences in information. For PIH Section 184 loans on fee simple land, verify the title policy, as described in this section.
- ALTA Form Mortgage Modification Policy (MMP) is acceptable in lieu of endorsements to existing title policies provided that all loan amounts added to the original principal balance in the modified loan are insured under the MMP, and any liens added to the title after the original date of the mortgage are subordinated at the time of the modification. Examples of these types of liens include but are not limited to HOA liens and mechanic’s liens.

CHAPTER 3: SINGLE-FAMILY POOLS

F. Consolidation, Extension, and Modification (NY CEMA) loans.

In addition to the requirements listed above, for each loan file where a NY CEMA loan is involved, the document custodian is required to perform the following review procedures on the documents to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

- Verify that the NY CEMA includes evidence of recording or filing date stamp. Ginnie Mae will accept a copy of the recorded loan modification agreement only if the original has been lost and the copy clearly shows evidence of recordation.

Exhibit "A"

- Verify that a listing of all previous notes and mortgages being consolidated, extended or modified is present.

Exhibit "B"

- Verify that the property description is present.

Exhibit "C"

- Verify that the current and prior consolidated notes bearing original signatures from each previous modification as listed on Exhibit "A" are present. If the note is missing, verify that a lost instrument bond with limited liability that meets the requirements of 3(C)(4)(f) is present.

Exhibit "D"

- Verify that an original or copy of all original executed and recorded consolidated mortgages from each previous modification as listed on Exhibit "A" are present.

(5) Exceptions for R&W Issuers

An R&W Issuer's document custodian may provide final certification of pools prior to receipt of the original recorded security instrument, title policies, original recorded

CHAPTER 3: SINGLE-FAMILY POOLS

intervening assignments, original recorded loan modification agreement, and original recorded NY CEMAs (“trailing documents”). The document custodian should have copies of the documents sent out for recordation, however, with a certification from the Issuer that the documents have been sent for recording. All other requirements disclosed in Section 3(D), and described above, must be met.

R&W Issuers must still procure the recorded security instrument, title policy and intervening assignments, as well as the recorded loan modification agreement, and recorded NY CEMA (if applicable) but may do so in the normal course of business.

In addition, if a recertification is being performed as a result of the transfer of servicing rights to a non-R&W Issuer, then all of the requirements of Sections 3(D)(3) and 3(D)(4) must be met within the standard 12 months from issuance date or transfer date, whichever is earlier.

R&W Issuers are strongly encouraged to perform a review of trailing documents for compliance with 3(D)(3) and 3(D)(4) prior to submitting the documents to the custodian for fiduciary tracking and storage.

(6) Completion of Final Certification Process

The document custodian must date and sign the final certification on the reverse side of form HUD-11706, and must identify the name, address, and Ginnie Mae identification number of the document custodian, and the name and title of the authorized individual who signed the certification. If the form HUD-11706 includes more than one page, the document custodian need only sign the last page or the summary page.

The document custodian is required to submit the finally certified original form HUD-11706 directly to the PPA through GinnieNET or via hard copy. A copy of the final certification must be placed in the Pool Master File. The PPA will provide the Issuer with a confirmation of the receipt and acceptance of the final certification.

If the pool was initially certified using GinnieNET, and the pool has not been transferred prior to final certification (other than pursuant to an immediate transfer of issuer responsibility upon the issuance of the related securities), then final certification may be completed through

CHAPTER 3: SINGLE-FAMILY POOLS

GinnieNET, following the instructions in Chapter 11 of the MBS Guide and the GinnieNET Issuer Guide.

Loan files that have been temporarily released after final certification for a non-liquidation reason under reason code 6 (“Other”), and are returned to the document custodian must meet the final certification standards for the pool.

Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released to the Issuer for more than 90 days, it is considered to be overdue for return to the document custodian.

The document custodian must notify the Issuer of overdue documents or loan files when the 90 day period has lapsed. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae’s Office of Issuer and Portfolio Management (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

(E) Recertification

Recertification procedures for a finally certified pool are required if there is a change of Issuer or document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required.

Loans that are deregistered from MERS must be recertified using the hard copy process.

The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae’s certification standards. Recertification must be performed within twelve (12) months of the pool transfer date.

It is important to note that while the Issuer may authorize the document custodian to make document corrections, Ginnie Mae ultimately holds the Issuer responsible for those changes and for the overall validity of the documents.

CHAPTER 3: SINGLE-FAMILY POOLS

(1) GinnieNET Recertification of Certain Pools and Loan Packages

- A. If a pool or loan package that has received final certification is transferred either to another Issuer or to a new document custodian, the Issuer must choose whether to have the pool or loan package recertified using GinnieNET or using hard copy. The pool or loan package must be recertified by the document custodian within 12 months after the earlier of:
- (i) the effective date of a transfer of Issuer responsibility (the first day of the month following the date Ginnie Mae executes the assignment agreement for transfer, and
 - (ii) Ginnie Mae's approval of a transfer to a new document custodian.

If a pool or loan package is transferred either to another Issuer or to another document custodian before it receives final certification, the final certification will satisfy the recertification requirement, but must be completed no later than the original final certification due date, must meet all final certification documentation requirements, including recorded intervening assignments to the new Issuer, and must be submitted in accordance with the requirements of the MBS Guide.

- (a) The document custodian must conduct the recertification, depending on the pool or loan package type involved, in accordance with the applicable requirements of the Document Custodian Manual (Appendix V-1). If the documents are in order, the document custodian executes the recertification and transmits the recertification over the GinnieNET system.
- C. Upon completing the recertification, the document custodian must place a copy of the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages with the recertification completed in the pool or loan package master file. The Issuer also must maintain in its files a copy of the Schedule of Pooled Mortgages or the Schedule of Pooled Participations and Mortgages bearing the completed recertification.

CHAPTER 3: SINGLE-FAMILY POOLS

- D. The Issuer will receive confirmation that the recertification has been completed.

(2) Hard Copy Recertification of Pools and Loan Packages

- A. If a pool or loan package that has received final certification is transferred either to another Issuer or to a new document custodian, it must be recertified by the document custodian within 12 months after the earlier of:
- (i) the effective date of a transfer of Issuer responsibility (the first day of the month following the date Ginnie Mae executes the assignment agreement for transfer), or
 - (ii) Ginnie Mae's approval of a transfer to a new document custodian.

If a pool or loan package is transferred either to another Issuer or to another document custodian before it receives final certification, the final certification will satisfy the recertification requirement, but must be completed no later than the original final certification due date, must meet all final certification documentation requirements, including recorded intervening assignments to the new Issuer, and must be submitted in accordance with the requirements of the MBS Guide.

- B. The document custodian must conduct the recertification, depending on the pool or loan package type involved, in accordance with the applicable requirements of the Document Custodian Manual (Appendix V-1). If the documents are in order, the document custodian makes its recertification on the back of the Schedule of Pooled Mortgages.
- C. The document custodian's recertification must be made by the original signature of an officer of the document custodian. If the Schedule of Pooled Mortgages consists of more than one page, the original signature need only be affixed to the last page.
- D. After signing the recertification, the document custodian, based on the Issuer's instructions, either sends the original recertification to the PPA or sends it to the Issuer so that the Issuer can forward it to the

CHAPTER 3: SINGLE-FAMILY POOLS

PPA.

- E. The document custodian must deliver a copy of the recertification to the Issuer and place a copy in the pool or loan package master file.

(3) Document Custodian's Recertification Review Process

The following reflects Ginnie Mae's minimum recertification requirements for all Issuers:

- A. Reconcile all loans listed on the original form HUD-11706 to the active loans listed in the Issuer's current loan trial balance and the forms HUD11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD-11706; or by attaching a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD-11706.

If the document custodian maintains an automated system and normally transmits certifications through GinnieNET, then it is not necessary to manually line out loan files that have been removed from the pool on the form HUD-11706, provided that the document custodian can provide a status report of all loans in the pool. The information provided for each loan must be the same as the information required on the front of the form HUD-11706. Because of assumptions, the mortgagor's name provided on the form HUD-11706 may not agree with the loan documents.

- B. Verify that the following pool and loan documents are present:
 - i. Promissory Note
 - Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost note bond.
 - In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost instrument bond are required.
 - Verify that the promissory note is endorsed up

CHAPTER 3: SINGLE-FAMILY POOLS

to the pooling Issuer in blank and without recourse.

ii. Security Instrument

- Verify that the security instrument is a recorded original or copy that clearly shows evidence of recordation.

iii. Intervening Assignments

- Verify that all intervening assignments are present. If they provide that the recording information is present. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation.
- Verify that all intervening assignments follow a complete chain of title from the original Mortgagee to the current Issuer or to MERS.
- The note endorsement may be from originator to company "C," and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.

iv. Mortgagee Title Insurance – (Not Applicable to HUD-Disposition, Hawaiian Homelands, PIH Section 184 or VA Vendee Loans):

- Verify the existence of an original title policy, including riders, as indicated, or a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable.
- Verify the existence of a clerk-certified Torrens certificate or an original attorney's opinion which references an abstract of title, as applicable.
- If a master title policy is used, verify the existence of a copy of the certificate of title in the loan file.
- For PIH Section 184 loans, in the case of a leasehold mortgage on tribal trust land or allotted individual trust land, verify the

CHAPTER 3: SINGLE-FAMILY POOLS

existence of a Title Status Report (TSR). For PIH Section 184 loans on fee simple land, verify the existence of an original title policy, including riders, as indicated, or a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable.

v. FHA Mortgage Insurance

- When reviewing the MIC (based on pooling date), verify that FHA has signed the MIC and it includes the endorsement date. When viewing FHA Connection, verify that the endorsement date field is complete (based on pooling date).

vi. Indian Loan Guaranty Certificate (ILGC)

- When reviewing the ILGC, verify that the PIH Section 184 case number on the form HUD-11706 agrees with the case number on the ILGC.

vii. Forms HUD-11708:

Verify that any forms HUD-11708 with non-liquidation release codes are not included in active loan files and the Pool Master File in the place of a promissory note. A form HUD-11708 with a non-liquidation release reason code may not substitute for a loan document or a promissory note at the time the document custodian reviews the loan file for final certification. All documents required for initial certification must be present in the file at the time of final certification, except as specified below.

Document Requirement Exception: An Issuer may substitute a loan file loan file that has been released for a non-liquidation reason related to bankruptcy, foreclosure, or loss mitigation with a written attestation, **but if, and only if:**

- (a) all documents in the relevant loan file were present and reviewed by the document custodian prior to the file's release, and;
- (b) The Issuer attestation must:

CHAPTER 3: SINGLE-FAMILY POOLS

- Be prepared on Issuer's letterhead;
- Include the reasons why the file was released and why the files cannot be returned to the custodian timely (bankruptcy, foreclosure, or loss mitigation);
- Identify the name of the person or entity in possession of the file;
- Be signed by a representative of the entity in possession of the file;
- Identify the Issuer loan number, pool number, and borrower(s) last name(s);
- Include the following language "I certify that I have not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than \$10,000 or imprisoned for not more than five years, or both." and
- Be signed by a person authorized to sign for and on behalf of the Issuer and whose signature appears on the form HUD-11702.

Issuers may reference multiple loans on one attestation provided that the loans involved all reside in the same pool and are held by the same document custodian. Document custodians must maintain all written certifications in the pool's master file. These certifications may be reviewed and verified as part of Ginnie Mae's compliance review of the Issuer or Custodian.

viii. Forms HUD-11711B

The form HUD-11711B, Certification and Agreement is not required for recertification if the pool was transferred to a new Issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new Issuer is required to obtain forms HUD-11711B and 11711A (if required) from the original Issuer. If the form(s) cannot be obtained, the new Issuer must obtain a waiver letter from Ginnie Mae's Office of Issuer and Portfolio Management.

CHAPTER 3: SINGLE-FAMILY POOLS

ix. Recertification of Modified Loans

- (a) Loan Modification Agreement: Verify that the loan modification agreement is a recorded original or copy that clearly shows evidence of recordation.
- (b) Subordination Agreement (if present): Verify that the subordination agreement is a recorded original. Ginnie Mae will accept a copy of the recorded subordination agreement only if the original has been lost and the copy clearly shows evidence of recordation.
- (c) Mortgagee Title Policy Endorsement: Verify the existence of a title policy endorsement or title policy, and evidence that the modification has been recorded, and that the full amount of the modified loan is insured.

ALTA Form Mortgage Modification Policies (MMP) are acceptable in lieu of endorsements to existing title policies provided that all loan amounts added to the original principal balance of the modified loan are insured under the MMP, and any liens added to the title after the original date of the mortgage are subordinated at the time of the modification. Examples of these types of liens include but are not limited to HOA liens and mechanic's liens.

x. Recertification of NY CEMA Loans.

In addition to procedures described in Section D. above, the following procedures must be performed for the recertification of NY CEMA loans:

(a) Consolidated Note

- Verify that the consolidated note is an original document with an original signature(s), or that a lost instrument bond with limited liability that meets the requirements in (3)(C)(4)(f) has been provided.
- Verify that the consolidated note is endorsed up to the pooling Issuer without recourse. The endorsement by the pooling Issuer should be in blank, undated, and without recourse.

(b) Consolidation, Extension, and Modification Agreement (NY CEMA)

CHAPTER 3: SINGLE-FAMILY POOLS

- Verify that the consolidation, extension and modification agreement is a copy that clearly shows evidence of recordation.

Exhibit "A"

- Verify that a listing of all notes and mortgages being consolidated, extended or modified is present.

Exhibit "B"

- Verify that the property description is present.

Exhibit "C"

- Verify that all prior consolidated notes bearing original signatures, and a copy of the current executed consolidated note from each previous modification as listed on Exhibit "A" are present. If a consolidated note is missing, verify that a lost instrument bond is present.

Exhibit "D"

- Verify that a copy of the executed consolidated mortgage is present.

xi. Loans Deregistered from MERS

- Verify that the security instrument is a recorded original or copy that clearly shows evidence of recordation.
- Verify that all intervening assignments follow complete chain of title from the original Mortgagee to the current Issuer.

(4) Completion of Document Custodian's Recertification

The document custodian is required to forward the newly recertified form HUD-11706 directly to the PPA via hard copy or through GinnieNET. The Issuer and document custodian must maintain a copy of the certification submitted to the PPA.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the custodian after recertification of the pool must meet the final recertification standards for the pool. Loan files or

CHAPTER 3: SINGLE-FAMILY POOLS

documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days.

When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer and Portfolio Management (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

(F) Update of Legal Opinions

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(A) Description of Manufactured Home Loan Pools

Manufactured home loan pools consist of FHA Title I loans secured by a manufactured home unit or a combination of a manufactured home unit and a developed manufactured home lot acquired in a separate transaction (PIH does not offer financing programs for manufactured homes which are not permanently affixed to the land). These loans are securitized by a retail installment sales contract, Department of Motor Vehicle Title, and Uniform Commercial Code forms and may include a contract for deed, deed of trust/mortgage, and note for the land purchase, which may or may not be part of the FHA Title I loan.

Manufactured home/land loans closed as a single transaction, such as FHA Title II, VA, Section 502, Rural Housing, Section 184, and Indian Housing loans have requirements that include surrender of the Department of Motor Vehicles title, that the manufactured home be permanently affixed, and that the property be assessed as real property by the local taxing authority. Please refer to Chapter 3 of the Manual for pool certification guidelines on the types of loans considered to be single-family loans.

For purposes of clarification, the guidelines in Chapter 4 are separated into Part I and Part II. Part I relates to the manufactured home unit only, and Part II relates to the manufactured home unit with land, acquired in the same or in a separate transaction, and not permanently affixed or assessed as real property by the local taxing authority (manufactured home unit with land). Part II outlines additional documentation required for initial certification, final certification, and recertification.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(B) Responsibilities In accordance with the conditions of the Master Custodial Agreement, form HUD-11715, (Appendix III-4 of the Guide) (“form HUD-11715”), the certification required on the Schedule of Pooled Mortgages, form HUD-11706, (Appendix III-7 of the Guide) and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD-11706. At the discretion of the document custodian and the Issuer, documents may be delivered incrementally or after all required documents have been received for individual loan files. However, the Issuer may not collect all documents relating to an entire pool before forwarding the documents to the document custodian.

It is the document custodian’s responsibility to:

- (1) Accept the documents when delivered;
- (2) Ascertain that the documents relate to the loans listed on form HUD-11706;
- (3) Review the documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11 and 13 of the Guide;
- (4) Notify the Issuer of any documents received that require correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

It is the Issuer’s responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects not considered material. Ginnie Mae, in its sole discretion, may require Issuers that fail to meet certification or recertification deadlines to take action to mitigate Ginnie Mae’s risk exposure. Such action may include, but not be limited to, a letter of credit. For an Issuer subject to the letter of credit requirement or other mitigation measure, the document custodian must indicate and attest to Ginnie Mae those loans in a pool that do not meet certification requirements.

Ginnie Mae recognizes that laws governing the filing, recordation and perfection of security interests in manufactured home loans may vary significantly from state to state. Perfection or recordation of manufactured home security interests or liens is governed by laws relating to fixtures or goods under the Uniform Commercial Code (UCC), real property and/or motor vehicle titling. For information regarding specific state variations, please refer to the *NADA Title and Registration Book*.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(C) Initial Certification

By an initial certification, the document custodian certifies to Ginnie Mae that the Issuer has submitted the minimum loan or pool documents required to allow a Ginnie Mae security to be issued.

The initial certification procedures for GinnieNET pools are set forth below, followed by the list of pool and loan documents required for initial certification, and detailed review procedures the document custodian is required to perform on the pool and loan documents to confirm their completeness and consistency.

(1) Initial Certification of GinnieNET Pools

- A. The Issuer submits and the document custodian receives the required pool submission documents and loan documents.
- B. The document custodian retrieves the Schedule of Pooled Mortgage from GinnieNET and prints it.
- C. The document custodian reviews the loan documents (see review procedures below), verifies the information in the Schedule of Pooled Mortgages, and determines whether to initially certify or reject the pool. If the document custodian decides to initially certify the pool, the custodian will execute the initial certification following the instructions in the GinnieNET Issuer Guide.
- D. The document custodian transmits the certification or rejection over the GinnieNET system.
- E. The document custodian placed the loan documents in safekeeping.
- F. Upon completing the initial certification, the document custodian prints out a copy of the Schedule of Pooled Mortgages and places it in the pool master file.

(2) Required Pool and Loan Level Documents

For initial certification, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- A. Form HUD-11706;
- B. Certification and Agreement, form HUD-11711B (Appendix III-5 of the Guide) ("form HUD-11711B") in hard copy or electronic form) ("form HUD-11711B"). If the form HUD-11711B indicates a second party interest in any pooled loan, at least one original Release of Security Interest, form HUD-

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

11711A (Appendix III-5 of the Guide) (“form HUD-11711A”) is required. If there are no second party interests in the pooled mortgages, a form HUD-11711A is not required.

C. Manufactured Home Unit Only

1. Original retail installment contract and/or other chattel security agreement endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer be complete;
2. Department of Motor Vehicles Title as evidence of mortgagor ownership of the collateral;
3. A copy of the original UCC-1 Financing Statement, transmitted for recordation to the jurisdiction in which the collateral will be located. If the Issuer did not originate the loan, copies of the UCC-3 intervening assignments of the chattel security agreement and/or other security interest must document a complete chain of title from the originating lender to the current Issuer;
4. An original UCC-3 Assignment to Ginnie Mae, in recordable or perfectible form, but unrecorded. The assignment must reference the manufactured home unit vehicle identification number (VIN) assigned by the Department of Motor Vehicles and must agree with the VIN on the original UCC-1 Financing Statement.

D. Manufactured Home Unit With Land

In addition to the documents required for initial certification, as described in Chapter 4(C)(2)C above, the following documents are also required for initial certification when the loan includes land financing:

1. The original note or other evidence of indebtedness, endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer be complete; and
2. If the Issuer did not originate the loan, any and all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

the pooling Issuer.

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the Original Mortgagee (“MOM”), no intervening assignments will be required as long as the loan remains registered with MERS.

Intervening assignments must be recorded, if jurisdictional law requires such recordation. At initial certification, the Issuer may use a blanket pool certification which certifies that all intervening assignments for an individual pool have been transmitted for recordation.

As an alternative to individual intervening assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified legal counsel. Blanket intervening assignments to an Issuer can be made for loans in a single pool as long as the mortgaged properties are located in the same recording jurisdiction.

3. Items listed above in Section (C)(2) (Required Pool and Loan Level Documents) of this Chapter 4 are required at initial certification for each pooled loan. In no case may a Request for Release of Documents form HUD-11708 (Appendix V-4 of the Guide) (“form HUD-11708”) substitute for a required loan document at the time the document custodian performs the initial certification. Releases can be processed after the document custodian delivers its certification to Ginnie Mae via hard copy or through GinnieNET.

(3) Document Custodian Review Procedures – Initial Certification

At a minimum, the document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred to the Issuer in a timely manner for correction prior to pooling.

It is important to note that while the Issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the Issuer responsible for the acceptability of the documents.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

A. Form HUD-11706

1. Verify that the total number of loans reported on form HUD 11706 is the same as the number of loan files received.
2. Verify that the form HUD-11706 has been completely filled out for both the Issuer and document custodian, including their Ginnie Mae identification numbers.
3. File the form HUD-11706 in the related Pool Master File.

B. Form HUD-11711B

1. Verify that the pool number on the form HUD-11711B agrees with the Ginnie Mae pool/loan package number on the related form HUD-11706.
2. Determine that one of the two boxes on the form has been checked.
3. If the form HUD-11711B indicates that there is a second party security interest in any pooled mortgage, verify that there is an original executed form HUD-11711A corresponding to the affected loan(s);
4. File the form HUD-11711B, and form HUD-11711A if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that an Issuer's certification is incorrect, the document custodian must refuse the form HUD-11711B until the certification issues have been resolved.

C. Manufactured Home Unit Only

1. Retail installment sales contract and/or other chattel security agreement;
 - a. Verify that each item listed below is the same on both the retail installment sales contract and the related form HUD-11706:
 - i. Mortgagor name(s);
 - ii. Principal amount;
 - iii. Interest rate;

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- iv. Monthly principal and interest payment;
- v. Term of the loan (first and last payment due dates if applicable). If the first payment date is amended on the retail installment sales contract by an addendum to the contract, the Issuer must provide a written explanation for the difference in dates. This documentation must be kept in the loan file;
- vi. Number of payments; and
- vii. Property street address, city, and state. The contract must include a physical location address of the unit or a location description where the collateral is located.

2. Department of Motor Vehicles Title

- a. Verify that the date of title is the same as or later than the date of the promissory note or retail installment contract. The manufacturer's certificate of origin, the bill of sale, and/or application for title do not demonstrate title in the borrower's name. The title issued by the DMV is the only acceptable evidence of ownership;
- b. Verify that the VIN (vehicle identification number) and manufactured home description on the title are the same as are on the retail installment sales contract.

3. UCC Form(s)

- a. Verify that a copy of the original UCC-1 Financing Statement, certified by the Issuer as having been transmitted for recording to the jurisdiction in which the collateral will be located, is provided.
- b. Verify that copies of the UCC-3(s), intervening assignment(s) of the chattel security agreement, and/or other security interest transmitted for recording to the jurisdiction in which the collateral will be located, have been provided if the Issuer did not originate the loan;
- c. Verify that all UCC-3 intervening assignments follow a complete chain of title from the original lender to the pooling Issuer or MERS. If MERS is designated in the UCC-1 as the Original Mortgagee ("MOM"), then no intervening assignments will be required as long as the

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

loan remains registered with MERS.

Ginnie Mae requires a chain of assignments from the originator of the loan to the current Issuer. The assignments must be complete. The endorsement may, for instance, be from originator to company "C" and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.

4. Loan Application

- a. Verify that the loan application is dated on or after June 1, 2009.

D. Manufactured Home Unit With Land

1. Promissory note or other evidence of indebtedness

- a. Verify that each item listed below is the same on both the promissory note and the related form HUD-11706:
 - i. Mortgagor name(s);
 - ii. Principal amount (alpha and numeric);
 - iii. Interest rate (alpha and numeric);
 - iv. Monthly principal and interest payment (alpha and numeric);
 - v. Term of the loan (first and last payment due dates);
 - vi. Property street address, city, and state (if property address is included on the note);
 - vii. Verify the interest rate change date for ARMs; and
 - viii. Verify the mortgage margin for ARMs

A note is deemed unacceptable if there are changes that materially affect the terms of the note, and these changes are not initialed by the mortgagor(s). Material changes include, but are not limited to, changes to the original loan amount, interest rate, monthly payment, maturity date, or deletion of one of the mortgage

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

covenants.

After verifying the consistency and accuracy of information between the form HUD-11706 and the promissory note under this Section 4(C)(3)(D)1, the form HUD-11706 will then be the source document to be used to verify information on all other documents at final certification.

- b. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, an original copy of the notarized name affidavit must be provided.

If the note has been executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and must be executed on or before the date of execution of the note. The copy of the power of attorney should be notarized and if the property address is present, verify it matches the property address on the note. The power of attorney must have been an active, valid and enforceable power at the time the note was executed.

- c. Verify that a complete chain of signed endorsements exists from the originator of the loan to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.

The endorsement by the pooling Issuer should be on the note, be in blank, and should not include a date. Allonges may be used as long as they are enforceable and meet the requirements of the jurisdiction in which the collateral is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction in which the collateral is located and is enforceable. Allonges may not be used in jurisdictions where their use is not allowed.

- d. Verify that the undated endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 in the Guide) (“form HUD-11702”). It is the Issuer’s responsibility to ensure that the document custodian has a current copy of the form HUD-11702.

Ginnie Mae permits the use of facsimile when placing endorsements on original notes and allonges, as long as the following conditions are met:

- i. The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the collateral is located;
- ii. Such signatures are not prohibited under the Issuer’s corporate charter and by-laws;
- iii. The use of such signatures is authorized by a resolution duly enacted by the Issuer’s board of directors; and
- iv. Such signatures must be notarized when required by jurisdictional law.

Ginnie Mae requires a facsimile signature to be a reproduction of a manual signature that can be saved electronically or by engraving, imprinting, or stamping.

- e. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If any are present, verify that such sections have been properly completed. The notarization, acknowledgment or witness date must be the same as the borrower or mortgagor signature(s) date on the note.
- f. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction,

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

the corrective documents must be firmly attached and filed with the original note.

- g. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the mortgagors, neither a lost instrument bond nor a lost note affidavit may substitute for a missing note at the initial certification. If the note has been lost in transit to the document custodian, or in some other way, prior to the initial certification of the pool, then the Issuer must obtain the borrower's original signature on a duplicate copy of the original note, or the pool may not be certified.

E. Assignments

1. Individual loan intervening assignments

- a. Verify that all intervening assignments follow a complete chain of title from the original lender to the pooling Issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee ("MOM"), no intervening assignments will be required as long as the loan remains registered with MERS.
- b. Ginnie Mae requires a chain of assignments from the loan originator to the pooling Issuer. The assignments must be complete. The note endorsement may be from originator to company "C" and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical
- c. Verify that all intervening assignments have been transmitted for recordation, if required. The Issuer may generate a blanket certification for each individual pool in letter form, certifying that all intervening assignments have been transmitted for recordation. Copies of the intervening assignments are not required at initial certification if the Issuer provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.
- d. Verify that the borrower name(s) on the assignment

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

agree(s) with the form HUD-11706.

- e. If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified legal counsel qualified to practice law in the jurisdiction in which the property is located. The legal opinion must state that the assignment (is enforceable in the jurisdiction of the mortgage. The original legal opinion letter must be filed in the loan file.

2. Blanket Intervening Assignments

- a. Verify that all blanket intervening assignments have been certified by the Issuer as having been transmitted for recordation.

Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools where the loans are in the same recording jurisdiction.

- b. Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies, and that an original recorded blanket intervening assignment is maintained in the applicable Pool Master File.

Ginnie Mae permits the use of a blanket intervening assignment certification form in lieu of making a copy of each blanket intervening assignment for each loan. The certification form, however, must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Pool Master File.

- c. If the blanket intervening assignment bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from outside legal counsel qualified to practice law in the jurisdiction in which the property is located. The legal opinion must state that the blanket intervening assignment is enforceable in the jurisdiction of the mortgages. The original opinion must be filed in the applicable Issuer Master File, with a copy in each loan file to which the blanket intervening assignment applies.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(4) Completion of the Initial Certification Process

For completion of initial certification of GinnieNET pools, the document custodian retrieves the Schedule of Pooled Mortgages form GinnieNET and prints it. Upon completion of the custodian's review of the pool and loan documents, and the decision to initially certify or reject the pool, the custodian then executes the initial certification and transmits the certification or rejection over the GinnieNET system, following the instructions in the GinnieNET Issuer Guide.

The document custodian is required to submit the original initial certified form HUD-11706 directly to the PPA through GinnieNET. A copy of the initial certification must be printed and placed in the Pool Master File.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(D) Final Certification Pools must receive final certification within 12 months of the securities issuance date.

The final certification deadline does not change because the current document custodian is not the document custodian that issued the initial certification, nor does it change for a new document custodian following a transfer of Issuer responsibility or a transfer of document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required.

A form HUD-11708 with a non-liquidation release reason code may not substitute for a loan document, a promissory note or a financial obligation at the time the document custodian reviews the loan file for final certification.

All documents required for initial certification must be present in the file at final certification.

(1) Final Certification of GinnieNET Pools and Loan Packages

- A. An issuer may elect to have a pool or loan received final certification through GinnieNET if:
 - 1. It backs securities with an issue date of May 1, 1999 or later;
 - 2. It was initially certified using GinnieNET; and
 - 3. Neither Issuer nor document custodian responsibility for it has been transferred prior to final certification (other than pursuant to an immediate transfer of Issuer responsibility under Section 10-10 of the Guide upon issuance of the related securities).
- B. Within 12 months of issuance of securities backed by a pool or loan package of mortgages that was initially certified, the Issuer must provide the document custodian with the original recorded mortgages listed on the Schedule of Pooled Mortgages and all other documents necessary for final certification.
- C. The document custodian reviews the required documents. If the documents are in order, the document custodian, following the instructions in the GinnieNET user Guide, executes the final certification and transmits the certification over the GinnieNET system. This form must be transmitted and approved by the PPA within 12 months of the issuance of the securities.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- D. Upon completing the final certification, the document custodian prints out a copy of the Schedule of Pooled Mortgages and places it in the pool or loan package master file. The Issuer must also print out and maintain in its files a copy of the Schedule of Pooled Mortgages bearing the completed final certification.

(2) Final Certification of All Other Pools and Loan Packages

- A. This section is applicable to all pools and loan packages except those receiving final certification through GinnieNET.
- B. Within 12 months of issuance of securities backed by a pool or loan package of mortgages that was initially certified, the issuer must provide the document custodian with the original recorded mortgages listed on the Schedule of Pooled Mortgages and all other documents necessary for final certification.
- C. The custodian reviews the required documents. If the documents are in order, the document custodian makes its final certification on the back of the Schedule of Pooled Mortgages.
- D. The document custodian's final certification must be made by the original signature of an officer of the document custodian. If the Schedule of Pooled Mortgages consists of more than one page, the original signature need only be affixed to the last page.
- E. After signing the final certification, the document custodian, based on the Issuer's instructions, either sends the original final certification to the PPA or sends it to the Issuer so the Issuer can forward it to the PPA. The form must be forwarded to and approved by the PPA within 12 months of issuance of the securities.
- F. If a pool or loan package is transferred to a new Issuer or a new document custodian, before final certification, the transfer does not extend the final certification deadline.
- G. The document custodian must deliver a copy of the final certification to the Issuer and place a copy in the pool or loan package master file.

(3) Required Documents

Within twelve (12) months of issuance, the Issuer is required to deliver the following documents to the document custodian by the

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

Issuer for final certification:

A. Manufactured Home Unit Only

1. The original UCC-1 Financing Statement, with evidence of recording in the jurisdiction in which the collateral is located.
2. The original UCC-3 Assignments of the chattel security agreement and/or other security interest, with evidence of recording in the jurisdiction in which the collateral is located, which were not available for initial certification. The intervening assignments must document a complete chain of title from the originating lender to the current Issuer if the Issuer did not originate the loan.

Ginnie Mae will accept copies of the UCC-3 Assignment(s) only if the originals have been lost and if they clearly show evidence of recordation.

3. Evidence of FHA insurance.

B. Manufactured Home Unit With Land

In addition to the documents required for final certification, as described in Section 4(D)(3)A above, the following documents are also required for final certification when the loan includes land financing:

1. Original security instrument securing payment of the indebtedness signed by the mortgagor and recorded. Upon receipt of the original security instrument from the recorder's office, the Issuer is required to forward the original recorded document to the document custodian. A copy is acceptable only if the original has been lost and it clearly shows evidence of recordation.
2. Original intervening assignments of the security instrument from the originator up to the current Issuer, or to MERS. The assignments must have been recorded and the chain of assignments must be complete. Copies are acceptable only if the originals have been lost and they clearly show evidence of recordation, yet were not available at the time of initial certification.
3. Mortgagee's title insurance policy or other evidence of title acceptable to FHA, except in cases involving HUD Dispositions. A copy of the Mortgagee's title insurance policy is acceptable only if the original has been lost.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

4. Evidence of FHA insurance.

(4) Final Certification—Document Review Process

For each loan file, the document custodian is required to perform the following review procedures on the documents listed to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

It is important to note that, while the Issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the Issuer responsible for document validity.

It also is important to note that all documents that were present for the initial certification should still be present in the file at final certification.

A. Manufactured Home Unit Only

1. UCC-1 Financing Statement

- a. Verify that the original UCC-1 Financing Statement is present and has been recorded by the Issuer in the jurisdiction in which the collateral is located and includes a location address or location description for the manufactured home unit which agrees with the retail installment sales contract or other chattel security agreement;
- b. Verify that the UCC-1 form covers the manufactured home unit and other personal property described in the retail installment sales contract or other chattel security agreement;
- c. Verify that the Vehicle Identification Number (VIN) on the UCC-1 form agrees with the title issued by the Department of Motor Vehicles; and
- d. Verify that the debtor(s) name(s) on the UCC-1 form agrees with the mortgagor(s) names on the retail installment sales contract or other chattel security agreement.

2. UCC-3 Assignment(s)

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- a. Verify that the original UCC-3 intervening assignment(s) of the retail installment sales contract and/or other chattel security agreement are present and have been recorded in the jurisdiction in which the collateral is located, which were not available at the time of initial certification. The intervening assignment(s) must document a complete chain of title from the originating lender to the current Issuer.
 - b. Verify that the UCC-3 form(s) cover the manufactured home unit and other personal property described in the retail installment sales contract or other chattel security agreement;
 - c. Verify that the assignment(s) reference the manufactured home unit vehicle identification number (VIN) assigned by the Department of Motor Vehicles and that it agrees with the VIN on the Original UCC-1 Financing Statement; and
 - d. Verify that the debtor(s) name(s) on the UCC- 3 intervening assignment(s) form(s) agree with the mortgagor(s) names on the retail installment sales contract or other chattel security agreement.
3. Evidence of FHA Insurance

The following review procedures are required for all FHA loans (based on pooling date):

Pool Issuance Date	FHA Requirements
January 1, 2003 or later	Document custodians may certify loans without evidence of FHA insurance.
Prior to January 1, 2003	Requires one of the following: <ul style="list-style-type: none">• Issuer to provide paper MIC; or• Issuer may direct document custodian to review the duplicate MIC on FHA Connection; or• Issuer may provide a screen print of a duplicate MIC or other evidence of insurance from FHA Connection

- a. FHA Connection

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

The following procedures are required when the document custodian is reviewing information in FHA Connection to ascertain the existence of insurance (if required based on pooling date).

- i. Verify that each item listed below is the same on both the FHA Connection and the form HUD-11706:
 - Mortgagor name(s);
 - Property address;
 - Mortgage amount;
 - Interest rate; and
 - Endorsement date

It is acceptable for the mortgage amount shown on FHA Connection to exceed the amount shown on form HUD-11706.

- ii. Verify that the FHA case number on the form HUD-11706 agrees with the case number on FHA Connection.

In situations where the FHA case number differs between FHA Connection and the form HUD-11706, the case number on FHA Connection governs and the form HUD-11706 must be corrected. The FHA case number may be manually corrected on form HUD-11706.

The Issuer is responsible for the change, however, the Issuer may authorize the document custodian to make certain corrections on the Issuer's behalf. The Issuer and document custodian must agree on which corrections the document custodian will make.

B. Manufactured Home Unit With Land

In addition to the procedures required for final certification, as described in Chapter 4(D)(3)B above, the following procedures are also required for final certification when the loan includes land financing:

1. Security Instrument

- a. Verify that each item listed below is the same on both the security instrument and the form HUD-11706:

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- i. Mortgagor's names(s);
 - ii. Principal amount;
 - iii. Term of loan (first and last payment dates);
 - iv. Property street address, city, and state (if property address is included on the security instrument).
- b. Verify that the date of the security instrument is the same as or later than the date of the promissory note or obligation.
- c. Verify that the security instrument includes evidence of recording or filing date stamp. Ginnie Mae exempts security instruments in Hawaii and Torrens jurisdictions from this requirement for purposes of final certification due to delays in registration in those jurisdictions. Upon receipt of the original security instrument documents from the recorder's office the Issuer is required to forward said documents to the document custodian.

For loans in Puerto Rico, the document custodian must verify receipt of a copy of the executed mortgage documents affecting the title to the mortgage, filed with the recorder's office. The Issuer must certify that these are copies of the originals and that the original mortgage documents were registered in compliance with local jurisdictional law.

- d. Verify that the personal property described on UCC forms matches that described in the note or retail installment sales contract;
- e. Verify that all signatures on the security instrument agree with the signatures on the note or retail installment sales contract. Ginnie Mae requires that if there are multiple mortgagor names on the note, all the names should be on the security instrument. If not, an explanation must be placed in the file.

If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

- f. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness. The notarization, acknowledgment or witness date must be the same as the borrower signature(s) date on the note or retail installment sales agreement.
- g. Verify that the trustee's name appears on the security instrument, if applicable.
- h. Verify that any rider or addendum properly relates to the security instrument by confirming that the appropriate box has been checked on the security instrument. If the rider box is not checked and the rider is attached, it is acceptable for certification purposes. If the rider box is checked and the rider is not attached, it is not acceptable for certification purposes.
- i. Verify that any rider or addendum is recorded and that the recording information corresponds to the security instrument.
- j. Ginnie Mae will accept a copy of the recorded security instrument only if the original has been lost and the copy clearly shows evidence of recordation.

2. Intervening Assignments

a. Individual Loan Intervening Assignments

- i. Determine that intervening security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation prior to initial certification, have been replaced at final certification with a recorded original, if jurisdictional law requires recording, or copy that clearly shows evidence of recordation.

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

the title to mortgages that were filed with the recorder's office. The Issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original assignments from the recorder's office, the Issuer is required to forward them to the document custodian

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed along with the title, without the need to notify the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in payment terms, the intervening assignments would also require re-recording and the mortgagee's Title Insurance Policy must be brought forward ("date down" the policy) to the re-recording date.

- ii. Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. If an intervening assignment is presented with no evidence of recording or having been transmitted for recording, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel licensed to practice law in the jurisdiction where the property is located, stating that the unrecorded assignment is enforceable in the jurisdiction. This opinion must be maintained by the document custodian in the Issuer Master File. The original unrecorded assignment must be maintained in the appropriate loan file.
- iii. Ginnie Mae will accept copies of the recorded assignments only if the originals have been lost and if the copies clearly show evidence of recordation.

b. Blanket Intervening Assignments

- i. Ginnie Mae requires that the original recorded

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

blanket intervening assignment be maintained in the custodial Pool Master File with copies in the individual loan files. A copy of the recorded blanket intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recording.

- ii. Ginnie Mae permits the use of a blanket intervening assignment certification form. The certification form must be placed in each loan file where the loan was assigned on the blanket intervening assignment along with the original or copy of the recorded blanket intervening assignment (clearly showing evidence of recordation) maintained in the Pool Master File.

3. FHA Insurance

The following review procedures are required for all FHA loans:

- a. Verify that each item listed below is the same on both the FHA evidence of insurance and the form HUD-11706:
 - i. FHA case number;
 - ii. Mortgagor name(s);
 - iii. Principal amount; and
 - iv. Term of loan.
 - b. If the principal loan amount does not agree, the issuer must support the difference with a payment history showing the loan balance is less than the insured amount or with a Ginnie Mae waiver letter supported by a specific reason why the insured amount is different.
 - c. In the case of a difference in verifying the FHA case number between the initial FHA Billing Statement and the form HUD-11706, the case number on the initial billing statement governs, and the form HUD-11706 must be corrected.
- ### 4. Mortgagee Title Insurance – (Not Applicable to HUD Disposition or Hawaiian Homelands)
- a. Verify that an original title policy, where applicable, or a

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee's title insurance policy is acceptable if the original is lost.

- b. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- c. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
 - i. Date of title insurance policy, which must be the same date as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In those instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument occurs for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward ("date down" the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- ii. Amount of insurance coverage for the mortgagee, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage. This balance must also be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.

- d. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
 - i. Mortgagor name(s) (minor misspellings of mortgagors name(s) are acceptable);
 - ii. Trustee name(s), if applicable; and
 - iii. Principal amount.
- e. Verify that the legal description of Schedule A includes either of the following:
 - i. A phrase that specifically references the legal description in the security instrument; or
 - ii. A complete legal description.

Ginnie Mae requires that the legal description on the Schedule A exactly match the legal description on the security instrument.

- f. Verify that the named insured under the title insurance policy is the name of the mortgagee and "its successors and/or assigns." If the definition of "insured" did not include each ownership successor or assignee of the indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of "insured".
- g. If a short form title policy is used, the following

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

information must be verified:

- i. Date of title insurance policy, which must be the same date as or later than the recording date on the security instrument; in some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In these instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language which states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward (“date down” the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

- ii. Amount of insurance coverage for the mortgagee, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage, and be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.

- h. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- i. Mortgagor name(s) (minor misspellings of mortgagors name(s) are acceptable).
 - ii. Property street address, including city and state.
 - iii. Date of security instrument.
 - iv. Mortgage amount.
- i. Verify that the named insured under the title insurance policy is the name of the mortgagee and “its successors and/or assigns.” If the definition of “insured” did not include each ownership successor or assignee of the indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured”.

Due to variances between states in title insurance policy form requirements, to the extent any of the information above does not appear on the title insurance product, an opinion from qualified outside legal counsel must be obtained that states that the absence of such information does not invalidate the title insurance policy coverage.

- j. Verify the existence of a manufactured home endorsement to the title insurance policy.
- k. If a clerk-certified Torrens certificate or an original attorney’s opinion which references an abstract of title has been provided, procedures in Section 4(D)(4)(B)4 should be modified appropriately.
 - i. The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.
- l. If a master title policy is used, a copy of the Certificate of Title must be placed in the loan file and the procedures in Section 4(D)(4)(B)4 should be modified appropriately.
- m. For PIH loans, if a Title Status Report (TSR), in the case of a leasehold mortgage on tribal trust land or a trust mortgage on allotted individual trust land is

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

provided, procedures in Section 4(D)(4)(B)4 should be modified accordingly to accommodate the differences in information.

(5) Completion of the Final Certification Process

The document custodian must date and sign the final certification on the reverse side of form HUD-11706 and must identify the name, address, and Ginnie Mae identification number of the document custodian and the name and title of the authorized individual who signed the certification. If the form HUD-11706 includes more than one page, the document custodian need only sign the last page or the summary page.

The document custodian is required to submit the finally certified original form HUD-11706 directly to the PPA through GinnieNET or via hard copy. A copy of the final certification must be placed in the Pool Master File. The PPA will provide the Issuer with a confirmation of the receipt and acceptance of the final certification.

If the pool was initially certified using GinnieNET, and the pool has not been transferred prior to final certification (other than pursuant to an immediate transfer of issuer responsibility upon the issuance of the related securities), then final certification may be completed through GinnieNET, following the instructions in Chapter 11 of the MBS Guide and the GinnieNET Issuer Guide.

Loan files that have been temporarily released for a non-liquidation reason under reason code 6, and are returned to the document custodian after final certification of the pool must meet the final certification standards for the pool.

Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is considered to be overdue for return to the document custodian.

The document custodian must notify the Issuer of overdue documents or loan files when the 90 day period has lapsed. The notification must be in writing and be documented in the inventory or file.

If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses), and the affected pools will be considered decertified until the loan file has been corrected.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(E) Recertification

Recertification procedures for a finally certified pool are required if there is a change of Issuer or document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required.

The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. Recertification must be performed within twelve (12) months of the pool transfer date.

It is important to note that while the Issuer may authorize the document custodian to make document corrections, Ginnie Mae ultimately holds the Issuer responsible for those changes and for the overall validity of the documents.

(1) GinnieNET Recertification of Certain Pools and Loan Packages

- A. If a pool or loan package that has received final certification is transferred either to another Issuer or to a new document custodian, the Issuer must choose whether to have the pool or loan package recertified using GinnieNET or using hard copy. The pool or loan package must be recertified by the document custodian within 12 months of the earlier of:
 1. The effective date of a transfer of Issuer responsibility (the first day of the month following the date Ginnie Mae executes the assignment agreement for transfer, and
 2. Ginnie Mae's approval of a transfer to a new document custodian.
- B. If a pool or loan package is transferred either to another Issuer or to another document custodian before it receives final certification. The final certification and recertification must be completed at the same time, but not later than the final certification date and must be submitted in accordance with the requirements of the MBS Guide.
- C. The document custodian must conduct the recertification, depending on the pool or loan package type involved, in accordance with the applicable requirements of the Document Custodian Manual (Appendix V-1). If the documents are in order, the document custodian executes the recertification and transmits the recertification over the GinnieNET system.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

- D. Upon completing the recertification, the document custodian must place a copy of the Schedule of Pooled Mortgages with the recertification completed in the pool or loan package master file. The Issuer also must maintain in its files a copy of the Schedule of Pooled Mortgages bearing the completed recertification.
- E. The Issuer will receive confirmation that the recertification has been completed.

(2) Hard Copy Recertification of Pools and Loan Packages

- A. If a pool or loan package that has received final certification is transferred either to another Issuer or to a new document custodian, it must be recertified by the document custodian 12 months after the earlier of:
 - 1. The effective date of a transfer of Issuer responsibility (the first day of the month following the date Ginnie Mae executes the assignment agreement for transfer), and
 - 2. Ginnie Mae's approval of a transfer to a new document custodian.
- B. If a pool or loan package is transferred either to another Issuer or to another document custodian before it received final certification, the final certification and recertification must be completed at the same time but not later than the final certification due date.
- C. The document custodian must conduct the recertification, depending on the pool or loan package type involved, in accordance with the applicable requirements of the Document Custodian Manual (Appendix V-1). If the documents are in order, the document custodian makes its recertification on the back of the Schedule of Pooled Mortgages.
- D. The document custodian's recertification must be made by the original signature of an officer for the document custodian. If the Schedule of Pooled Mortgages consists of more than one page, the original signature need only be affixed to the last page.
- E. After signing the recertification, the document custodian, based on the Issuer's instructions, either sends the original recertification to the PPA or sends it to the Issuer so that the Issuer can forward it to the PPA.
- F. The document custodian must deliver a copy of the

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

recertification to the Issuer and place a copy in the pool or loan package master file.

(3) Document Custodian's Recertification Review Process

The following reflects Ginnie Mae's minimum recertification requirements for recertification of manufactured home loan pools:

- A. Reconcile all loans listed on the original form HUD-11706 to the active loans listed on the Issuer's current loan trial balance and the forms HUD-11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD-11706; or by attaching a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD-11706.

If a document custodian maintains an automated system and normally transmits certifications through *GinnieNET*, then it is not necessary to manually line out loan files that have been removed from the pool on the form HUD-11706, provided that the document custodian can provide a status report of all loans in the pool. The information provided for each loan must be the same as the information required on the front of the form HUD-11706. Because of assumptions, the form HUD-11706 may not agree with the loan documents.

- B. Verify that all required pool and loan documents are present and meet the minimum review standards required under items 4(D)3 and 4(D)4 of this Chapter 4.
- C. Manufactured Home Unit Only
1. Verify that the original retail installment sales contract and/or other chattel security agreement have been endorsed in blank and without recourse by the current Issuer. The endorsements must follow the proper chain of endorsement if the Issuer did not originate the loan.
 2. Verify that the date of the Department of Motor Vehicles title is the same as or later than the date of the retail installment sales contract or other chattel security agreement, and that the Vehicle Identification Number (VIN) and manufactured home description on the DMV Title agrees with the retail installment sales contract or other chattel security agreement.
 3. Verify that the VIN number and manufactured home

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

description on the original recorded UCC-1 Financing Statement agree with the DMV Title and the retail installment sales contract or other chattel security agreement.

4. Verify that the original recorded UCC-3 Assignments of the chattel security agreement and/or other security interest document a complete chain of title from the originating Issuer to the current Issuer if the Issuer did not originate the loan.
5. Verify that the VIN number and manufactured home description on the original UCC-3 Assignment to Ginnie Mae (in recordable form but unrecorded) agree with the DMV Title and the retail installment sales contract or other chattel security agreement.
6. Verify that the mortgagor name(s) and FHA case number on the FHA Billing Statement agree with the related form HUD-11706.

D. Manufactured Home Unit With Land

In addition to the documents required for recertification as discussed in 4(E)(1)c above, the following documents are also required for recertification when the loan includes land financing:

1. Promissory Note or Financial Obligation
 - a. Verify that the note or obligation is an original with signatures.
 - b. Verify that the note or obligation includes a complete chain of endorsements from the originating Issuer to the current Issuer, together with an endorsement in blank and without recourse by the current Issuer signed by an authorized signer shown on form HUD-11702.
 - c. Verify that there have been updated endorsements on the promissory note or UCC-1 if there has been a change in Issuer.
2. Security Instrument
 - a. Verify that the security instrument is an original or a copy which clearly shows evidence of recordation.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

3. Intervening Assignments
 - a. Verify that all intervening assignments are recorded originals if the law in the jurisdiction where the property is located requires such recordation. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation.
 - b. Verify that all intervening assignments follow a complete chain of title from the original Mortgagee to the current Issuer or to MERS.
 - c. The note endorsement may be from originator to company "C", and the intervening assignments may be from originator to company "B" and then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.
4. Mortgagee Title Insurance – (Not Applicable to HUD-Disposition, or Hawaiian Homelands,):
 - a. Verify the existence of an original title policy, including riders, if required, or a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable if the original is lost.
 - b. Verify the existence of a clerk-certified Torrens certificate or an original attorney's opinion which references an abstract of title, as applicable.
 - c. If a master title policy is used, verify the existence of a copy of the certificate of title in the loan file.
5. FHA Mortgage Insurance
 - a. When reviewing MIC data (based on pooling date), verify that FHA has signed the MIC and it includes the endorsement date. When viewing FHA Connection, verify that the endorsement date field is complete (based on pooling date).
6. Form HUD-11708
 - a. Verify that no form HUD-11708 with a non-liquidation release code is included in an active loan file and the Pool Master File in the place of a promissory note or financial obligation. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost note bond are

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

required.

- b. Verify that all original forms HUD-11708 with liquidation release codes are included with the form HUD-11706 in the Pool Master File.

(4) Completion of Document Custodian's Recertification

The document custodian is required to forward the recertified form HUD-11706 directly to the PPA via hard copy or GinnieNET. The Issuer and document custodian must maintain a copy of the certification submitted to the PPA.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after pool recertification must still meet the final pool certification standards for the pool.

Loan files or documents released to an Issuer for a non-liquidation reason under release code 6 must be returned to the document custodian within 90 days.

When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file.

If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer and Portfolio Management (see Addresses), and the affected pools will be considered decertified until the loan file has been corrected.

CHAPTER 4: MANUFACTURED HOME LOAN POOLS

(F) Update of Legal Opinions

All blanket legal opinions from qualified external legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to any transactions which occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

CHAPTER 5: CONSTRUCTION LOAN POOLS

(A) Description of Construction Loan Pools (CL and CS)

A construction loan pool consists of a single FHA-insured mortgage for a multifamily project under new construction or rehabilitation.

Upon maturity, construction loan pools and securities convert into project loan pools and securities. With construction loan pools, the document custodian is required to make only a single certification in connection with a new issuance of securities, and that certification is required prior to issuance. Final certification is not required for construction loan pools.

(B) Responsibilities

After initial endorsement by the FHA, and in accordance with the conditions of the Master Custodial Agreement, form HUD-11715 (Appendix III-4 of the Guide) ("form HUD-11715"), the certifications required on the Schedule of Pooled Mortgages, form HUD-11706 (Appendix III-7 of the Guide) ("form HUD-11706"), and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the location indicated on the form HUD-11706. At the discretion of the document custodian and the Issuer, documents may be delivered on a piecemeal basis or after all required documents have been received for the loan file.

It is the document custodian's responsibility to:

- (1) Accept the documents when delivered.
- (2) Ascertain that the documents relate to the loan listed on form HUD-11706.
- (3) Review the documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11, 13, and 32 of the Guide.
- (4) Notify the Issuer of any document received that requires correction or completion before certification can be made.
- (5) Certify that the documents received satisfy the requirements of certification and, if necessary, recertification.

It is the Issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects not considered material. Ginnie Mae, in its sole discretion, may require Issuers who fail to meet recertification deadlines for transferred pools to take action to mitigate Ginnie Mae's risk exposure. Such action may include, but may not be limited to, a letter of credit. For an Issuer subject to the letter of credit or other mitigation measure, the document custodian must

CHAPTER 5: CONSTRUCTION LOAN POOLS

indicate and attest to Ginnie Mae those pools that do not meet recertification requirements.

(C) Certification

1. Required Pool and Loan Level Documents

To certify a pool prior to the issuance of securities, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- (a) Schedule of Pooled Mortgages, form HUD-11706.
- (b) Certification and Agreement, form HUD-11711B, (Appendix III-5 of the Guide) (“form HUD-11711B”) in hard copy or electronic form. If the form HUD-11711B indicates a second party interest in any pooled mortgage, an original Release of Security Interest, form HUD-11711A, (Appendix III-5 of the Guide) (“form HUD-11711A”), is required. If there are no second party interests in the pooled mortgage, a form HUD-11711A is not required.
- (c) The original note endorsed for insurance by FHA and endorsed in blank and without recourse by the Issuer. The endorsements must provide a complete chain of title if the Issuer did not originate the loan.
- (d) An original assignment to Ginnie Mae provided by the Issuer in recordable form, but unrecorded (except for loans registered with MERS).
- (e) If the Issuer did not originate the loan, all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the Issuer. If the loan was originated with MERS as the Original Mortgagee (MOM), an intervening assignment is not required as long as the loan remains registered with MERS. Copies of the recorded intervening assignments are acceptable only if the originals have been lost and if the copies clearly show evidence of recordation.
- (f) The original security instrument, recorded (or filed, if under the Torrens title system) and signed by the mortgagor securing repayment of indebtedness. A title insurance company-certified copy may be used to certify the pool. Upon receipt of the original security instrument from the recorder’s office, the Issuer is required to forward it to the document custodian. A copy of the recorded security instrument is acceptable only if the

CHAPTER 5: CONSTRUCTION LOAN POOLS

original has been lost and if the copy clearly shows evidence of recordation.

- (g) An original of the Mortgagee's title insurance policy or other evidence of title acceptable to FHA. A copy of the title policy is acceptable only if the original has been lost.

Short form title policies are not acceptable.

- (h) An original of the performance bond (dual obligee) naming Ginnie Mae as an insured party, either on the policy, by assignment, by endorsement, or by rider. An alternative to the performance bond is an original Completion Assurance Agreement as approved by FHA, backed by either a letter of credit or cash, if applicable. This bond, or the assurance agreement, is not required in the FHA 223(f) existing project program.
- (i) The original, recorded Uniform Commercial Code (UCC1) forms or other security documents pertaining to chattel evidencing recordation or perfection with the appropriate office. Title insurance company-certified copies may be used to certify the pool. Upon receipt of the original UCC1s from the recorder's office, the Issuer is required to forward them to the document custodian.
- (j) The original Uniform Commercial Code (UCC3) assignment(s) to Ginnie Mae of the lien, mortgage, or other form of security agreement on the lot in recordable or perfectible form, but unrecorded.
- (k) A copy of the survey.
- (l) A copy of the surveyor's report.
- (m) A copy of the FHA firm commitment.
- (n) An original assignment of the FHA firm commitment to the Issuer, if the Issuer is not listed as the Mortgagee on the commitment.
- (o) An original of the building loan agreement.
- (p) A copy of the construction contract.
- (q) Other documents as Ginnie Mae may require.

In no case may a Request for Release of Documents, form HUD-11708 (Appendix V-5 of the Guide) ("form HUD-

CHAPTER 5: CONSTRUCTION LOAN POOLS

11708”), substitute for a required loan document at the time the document custodian performs the single certification for a construction loan pool.

2. Other Loan Documents Supporting Each Separate Issuance

Securities are generally issued monthly as construction progresses and as advances are insured by FHA. Mortgage funds must be advanced and insured by FHA no later than the month prior to the month in which the related securities are issued. Prior to each individual issuance of securities, including the first issuance, the Issuer must deliver to the document custodian the following documents:

- (a) An original certificate (letter) documenting that the disbursement has been made to the mortgagor and payee named in form HUD92403, Application for the Insurance of Advances;
 - i. Verify that each item listed below corresponds to the original pool documents:
 - Pool number;
 - Project name; and
 - FHA project number.
 - ii. Verify the disbursement amount including cents.
 - iii. Verify the certificate (letter) has been signed by the Issuer.
 - iv. Verify the certificate (letter) appears on Issuer letterhead.
- (b) A copy of form HUD-92403, Application for Insurance of Advances which provides evidence of FHA insurance inclusive of the latest disbursement; and
 - i. Verify the form pertains to the project.
 - ii. Verify the form has been approved by an authorized signatory. The authorized signatory for loans insured by FHA may be the HUD field office or (except for initial and final draws) an FHA-approved Multifamily Accelerated Processing (MAP) lender. If the MAP

CHAPTER 5: CONSTRUCTION LOAN POOLS

lender approves the form HUD-92403, a copy of the lender's MAP approval must be provided to the document custodian.

- (c) Evidence that title insurance coverage is in effect, inclusive of the amount of the latest disbursement. The title company may provide the exact disbursement amount or the total amount disbursed to date.

3. Document Custodian Procedures – Pool Certification

The document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the required review procedures must be referred to the Issuer in a timely manner.

It is important to note that while the Issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the Issuer responsible for the quality of the documents.

(a) Form HUD-11706

- i. Verify that the form HUD-11706 has been completely filled out by both the Issuer and document custodian, including their Ginnie Mae identification numbers.
- ii. File the form HUD-11706 in the related Pool Master File.

(b) Form HUD-11711B

- i. Verify that the pool number on the form HUD-11711B agrees with the Ginnie Mae pool number on the related form HUD-11706.
- ii. Determine that one of the two boxes on the form has been checked.
- iii. If the form HUD-11711B indicates that there is a second-party security interest in the pooled mortgage, verify that there is an original executed form HUD-11711A.
- iv. Verify that the Issuer has signed the form, if in hard copy.

CHAPTER 5: CONSTRUCTION LOAN POOLS

- v. File the form HUD-11711B, if in hard copy, and form HUD-11711A, if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that the certification by the Issuer is incorrect, the document custodian must refuse the form HUD-11711B until the certification issues have been resolved.

(c) Promissory Note

- i. Verify that each item listed below is the same on both the promissory note and the related form HUD-11706:
 - Mortgagor/Borrower name(s);
 - Principal amount;
 - Interest rate;
 - First payment date;
 - Maturity date;
 - Monthly principal and interest payment; and
 - FHA project number including section of the act.

After verifying the consistency and accuracy of information on the form HUD-11706 and the promissory note, the form HUD-11706 will then be the source document to be used to verify information on all other documents, except for the project number on the FHA insurance endorsement. The project number on the form HUD-11706 will be verified to and governed by the project number on the FHA insurance endorsement panel.

If a difference is identified by the document custodian in verifying the form HUD-11706 information listed in this Chapter 5(C)(3)(c)i to the promissory note, the issuer must correct or resolve the difference prior to certification by the document custodian.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. There will be no signature variations allowed for officers of corporations, partnerships, etc.

CHAPTER 5: CONSTRUCTION LOAN POOLS

If the note is executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and must be executed on or before the date of the note. The copy of the power of attorney must be notarized. The power of attorney must have been an active and valid power at the time the note was executed.

- iii. Verify that the complete chain of signed endorsements exists from the loan originator to the Issuer.

The endorsement by the Issuer should be on the note, be in blank, and should not include a date.

Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction in which the mortgaged property is located and is enforceable in the jurisdiction in which the mortgaged property is located. Allonges may not be used in jurisdictions where their use is prohibited.

- iv. Verify that the Issuer endorsement in blank and without recourse was made by an authorized officer, by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide) (“form HUD-11702”). It is the Issuer’s responsibility to ensure that the document custodian has a current copy of form HUD-11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the Issuer’s corporate charter and by-laws;
- The use of such signatures is authorized by a

CHAPTER 5: CONSTRUCTION LOAN POOLS

resolution duly enacted by the Issuer's board of directors; and

- Such signatures must be notarized when required by jurisdictional law.

Ginnie Mae requires a facsimile signature to be a reproduction of a manual signature that can be saved electronically or by engraving, imprinting, or stamping.

- v. Examine the promissory note for sections requiring notarization, acknowledgment, or witness. If required, verify that such sections have been completed.
- vi. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective document must be filed with the original note.

If the rider, allonge or addendum references terms of prepayment, verify that each item below is the same on the rider and form HUD-11706:

- Lockout term;
 - Lockout end date;
 - Prepayment premium period; and
 - Prepayment end date.
- vii. Verify that the note has evidence of FHA insurance, signed by an FHA agent.
 - viii. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the mortgagors.

(d) Agency Assignment

- i. Verify the Mortgagor/Borrower name.
- ii. Verify the presence of the legal description or a reference to the recorded mortgage.

CHAPTER 5: CONSTRUCTION LOAN POOLS

- iii. Verify the assignment is executed by the Issuer to Ginnie Mae.

(e) Intervening Assignments

- i. Verify that all intervening assignments follow a complete chain of title from the loan originator to the Issuer or MERS. If the loan was originated with MERS as the Original Mortgagee (MOM), an intervening assignment is not required as long as the loan remains registered with MERS.

Ginnie Mae will accept typographical errors and other minor mistakes on an intervening assignment if the recording reference is correct.

- ii. Verify that the mortgagor name on the assignment corresponds to the form HUD-11706.
- iii. Verify that each intervening assignment is a recorded original. A copy of the intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recordation. If an intervening assignment is presented that is not a recorded original or copy of an original, or has no evidence of recordation or of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel stating that the assignment(s) is enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the Issuer Master File with a copy in the loan file to which the opinion applied.

(f) Security Instrument

- i. Verify that each item listed below is the same on both the security instrument and the form HUD-11706:
 - Mortgagor/Borrower name;
 - Principal amount; and
 - Maturity date.
- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. A copy of the security instrument is acceptable only if

CHAPTER 5: CONSTRUCTION LOAN POOLS

the original has been lost and if the copy clearly shows evidence of recordation.

- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that all signatures on the security instrument properly relate to the note.
- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness.
- vii. Verify that any rider or addendum properly relates to the security instrument.
- viii. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.

(g) Mortgagee Title Insurance

- i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable if the original is lost.
- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
 - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (Issuer must supply evidence that this provides effective coverage);

CHAPTER 5: CONSTRUCTION LOAN POOLS

and

- Amount of insurance coverage, which must be no less than the original amount of the security instrument. If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage. This balance must also be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.
- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
- Mortgagor/Borrower name(s);
 - Trustee name(s) if applicable; and
 - Principal amount.
- v. Verify that a complete legal description is included on Schedule A of the title policy. The legal description on the title policy must match the legal description on the security instrument exactly.
- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee and “its successors and assigns.” If the definition of “insured” did not include each ownership successor or assignee of the indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”
- vii. If a Torrens certificate or title abstract has been provided, verify that a legal opinion from qualified outside legal counsel, prepared at or after the recordation of the security instrument, has been provided which documents the acceptability of this evidence of title in the jurisdiction. Procedures in Chapter 5(C)(3)(g)i through Chapter 5(C)(3)(g)vi should be modified appropriately if a Torrens certificate or abstract of title is used.

CHAPTER 5: CONSTRUCTION LOAN POOLS

(h) Performance Bond

- i. Verify that the performance bond is an original.
- ii. Verify that Ginnie Mae is named on the bond either by assignment/endorsement/rider as an insured party/obligee.
- iii. Verify that, for any assignment/endorsement/rider, the surety has provided written consent.
- iv. Verify that the bond will not expire prior to the maturity of the securities (i.e., the last payment due date per the construction contract).
- v. As an alternative to a performance bond, a Completion Assurance Agreement is acceptable. Verify the collateral backing the agreement. If a letter of credit is used, it must be transferred to Ginnie Mae in a format similar to Appendix VI-3 of the Guide. Any assignment must evidence the surety's written consent. No personal indemnity agreement is permitted.

(i) Uniform Commercial Code (UCC1) Forms

- i. Verify that UCC forms or other security instruments evidence recordation or perfection (filing) with the secretary of state or other appropriate office with jurisdiction, if required.
- ii. Verify that personal property is identified as "all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property."

(j) Assignments of Uniform Commercial Code (UCC3) Forms

- i. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form, but unrecorded or unperfected. "Recordable form" means an executed but unrecorded assignment to Ginnie Mae.
- ii. Verify the name(s) of the mortgagor(s)/borrower(s).
- iii. Verify the presence of a reference to county record books in which the UCC forms are recorded, and

CHAPTER 5: CONSTRUCTION LOAN POOLS

must be executed by a corporate officer of the Issuer.

(k) Survey

- i. Verify the survey is applicable to the pooled mortgage.

(l) Surveyor's Report

- i. Verify that the date of the surveyor's report is no later than the date of the note.
- ii. Verify that the property description in the surveyor's report is the same as the description in the security instrument.
- iii. Verify that the description of easements and encroachments in the surveyor's report agree with the description in the title policy.

(m) FHA Firm Commitment

- i. Verify that the commitment is an executed copy.
- ii. Verify that the commitment pertains to the property as described in the security instrument.
- iii. Verify the commitment has been signed by HUD, the Mortgagor, and the Mortgagee.

(n) Assignment of FHA Firm Commitment, if applicable

- i. If the Issuer did not originate the loan, an original assignment of firm commitment must be executed from the Mortgagee on the commitment to the Issuer.
- ii. Verify that the assignment pertains to the property as described in the security instrument.

(o) Building Loan Agreement

- i. Verify that the agreement is an executed original.
- ii. Verify that the property described in the building loan agreement is the same as the property description in the security instrument.

(p) Construction Contract

- i. Verify that the contract is an executed copy.

CHAPTER 5: CONSTRUCTION LOAN POOLS

- ii. Verify that the property described in the construction contract is the same as the property description in the security instrument.

4. Document Custodian's Certification

The document custodian must date and sign the certification on the form HUD-11706 (in hard copy or electronically) and must identify the name, address, and Ginnie Mae ID number of the document custodian and the name and title of the officer who signed the certification.

The document custodian is required to submit the certified original form HUD-11706 directly to the PPA via GinnieNET or hard copy. A copy of the certification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after certification of the pool must meet the certification standards for the pool. Loan files or documents released to an Issuer with a non-liquidation reason under release code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer and Portfolio Management (see Addresses), and the affected pools will be considered decertified until the loan file has been corrected.

(D) Recertifications

Recertification procedures are required if there is a change in Issuer or document custodian responsibilities for a pool. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian and that the notes have been properly endorsed for a transfer of Issuer responsibility. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. For pools related to a transfer of document custodian or Issuer responsibility, recertification must be performed within twelve (12) months of the effective transfer date.

CHAPTER 5: CONSTRUCTION LOAN POOLS

1. Recertification Procedures

- (a) Verify that all required pool and loan documents are present and meet the minimum review standards required under Chapter 5(C)(3)a through Chapter 5(C)(3)p.
- (b) Form HUD-11711B is not required for recertification if the pool was transferred to a new Issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new Issuer is required to obtain forms HUD-11711B (hard copy or electronic) and 11711A (if required) from the original Issuer. If forms HUD-11711B and 11711A cannot be obtained, the new Issuer must obtain a waiver letter from Ginnie Mae's Office of Issuer and Portfolio Management (see Addresses);
- (c) If there has been a change in Issuer, verify that there has been a recorded assignment of the mortgage (except for loans registered with MERS);
- (d) If there has been a change in Issuer, verify that there have been updated endorsements on the promissory note;
- (e) Verify that no form HUD-11708 with a non-liquidation release code is included in the loan file and the pool Master File in the place of the promissory note;
- (f) Verify that the form HUD-11706 (form HUD-11721 prior to January 1, 1996) is maintained in the Pool Master File;
- (g) If recertifying via hard copy, verify that the Issuer has prepared and delivered to the document custodian an original recertification page to be attached to copies of the original form HUD-11706;
 - i. If there has been a change in Issuer, verify that the recertification page of the form HUD-11706 contains the name, ID number, address, and signature of the new Issuer.
 - ii. Sign the reverse side of the recertification page of the form HUD-11706, recertifying that all pool and loan documents have been received. The document custodian's name, address, Ginnie Mae document custodian number and the Issuer's pool number all

CHAPTER 5: CONSTRUCTION LOAN POOLS

must all be included on the form HUD-11706. The document custodian is required to submit the recertified form HUD-11706 directly to the PPA via *GinnieNET* or hard copy. A copy of the recertification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after recertification of the pool must meet the certification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae, and the affected pools will be considered decertified until the loan file has been corrected.

(E) Update of Legal Opinions

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

CHAPTER 6: PROJECT LOAN POOLS

(A) Description of Project Loan Pools (PL, PN, LM, LS, and RX)

New project loan pools will consist of one or more FHA-insured mortgages, each secured by a completed multifamily project.

A level payment project loan pool (PL), a non-level payment project loan pool (PN), or a mature project loan pool (LM) will consist of a single mortgage on a completed multifamily project. A small project loan pool (LS) or a mark-to-market pool (RX) will consist of one or more mortgages, each secured by a completed multifamily project.

Project pools in existence on August 15, 1997, may consist of a coinsured mortgage secured by a completed multifamily project and, in the case of some project loans purchased from Ginnie Mae under a tandem mortgage disposition program that is no longer in effect, and which may consist of more than one project loan.

With project loan pools, the document custodian is required to make only a single certification in connection with a new issuance of securities, and that certification is required to be made prior to issuance. Final certification is not required for project loan pools.

(B) Responsibilities

After final endorsement by the FHA, and in accordance with the conditions of the Master Custodial Agreement, form HUD-11715 (Appendix III-4 of the Guide) ("form HUD-11715"), the certifications required on the Schedule of Pooled Mortgages, form HUD-11706 (Appendix III-7 of the Guide) ("form HUD-11706"), and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the location indicated on the form HUD-11706. At the discretion of the document custodian and the Issuer, documents may be delivered on a piecemeal basis or after all required documents have been received for the loan file.

It is the document custodian's responsibility to:

- (1) Accept the documents when delivered.
- (2) Ascertain that the documents relate to the loan listed on form HUD-11706.
- (3) Review the documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11, 13, and 31 of the Guide.
- (4) Notify the Issuer of any document received that requires correction or completion before certification can be made.

CHAPTER 6: PROJECT LOAN POOLS

- (5) Certify that the documents received satisfy the requirements of certification and, if necessary, recertification.

It is the Issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects not considered material. Ginnie Mae, in its sole discretion, may require Issuers who fail to meet recertification deadlines for transferred pools to take action to mitigate Ginnie Mae's risk exposure. Such action may include, but may not be limited to, a letter of credit. For an Issuer subject to the letter of credit or other mitigation measure, the document custodian must indicate and attest to Ginnie Mae those pools that do not meet recertification requirements.

(C) Certification

1. Required Pool and Loan Level Documents

To certify a pool prior to the issuance of securities, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- (a) Schedule of Pooled Mortgages, form HUD-11706.
- (b) Certification and Agreement, form HUD-11711B, (Appendix III-5 of the Guide) ("form HUD-11711B") in hard copy or electronic form. If the form HUD-11711B indicates a second party interest in any pooled mortgage, an original Release of Security Interest, form HUD-11711A, (Appendix III-5 of the Guide) ("form HUD-11711A"), is required. If there are no second party interests in the pooled mortgage, a form HUD-11711A is not required.
- (c) The original note endorsed for insurance by FHA and endorsed in blank and without recourse by the Issuer. The endorsements must provide a complete chain of title if the Issuer did not originate the loan.
- (d) An original assignment to Ginnie Mae provided by the Issuer in recordable form, but unrecorded (except for loans registered with MERS).
- (e) If the Issuer did not originate the loan, all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the Issuer. If the loan was originated with MERS as the Original Mortgagee (MOM), an intervening assignment is not required as long as the loan remains registered with MERS. Copies of the recorded intervening assignments

CHAPTER 6: PROJECT LOAN POOLS

are acceptable only if the originals have been lost and if the copies clearly show evidence of recordation.

- (f) The original security instrument, recorded (or filed, if under the Torrens title system) and signed by the mortgagor securing repayment of indebtedness. A title insurance company-certified copy may be used to certify the pool. Upon receipt of the original security instrument from the recorder's office, the Issuer is required to forward it to the document custodian. A copy of the recorded security instrument is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation.
- (g) An original of the Mortgagee's title insurance policy or other evidence of title acceptable to FHA. A copy of the title policy is acceptable only if the original has been lost.

Short form title policies are not acceptable.

- (h) The original, recorded Uniform Commercial Code (UCC1) forms or other security documents pertaining to chattel evidencing recordation or perfection with the appropriate office. Title insurance company-certified copies may be used to certify the pool. Upon receipt of the original UCC1s from the recorder's office, the Issuer is required to forward them to the document custodian.
- (i) The original Uniform Commercial Code (UCC3) assignment(s) to Ginnie Mae of the lien, mortgage, or other form of security agreement on the lot in recordable or perfectible form, but unrecorded.
- (j) Other documents as Ginnie Mae may require.

In no case may a Request for Release of Documents, form HUD-11708 (Appendix V-5 of the Guide) ("form HUD-11708"), substitute for a required loan document at the time the document custodian performs the single certification for a construction loan pool.

2. Required Loan Documents Supporting 'LM' Pools

'LM' identifies a pool consisting of (A) a single project loan with a first scheduled payment date more than 24 months before the issue date of the securities or (B) a loan that has been modified subsequent to final endorsement.

If issuing under Reason A:

CHAPTER 6: PROJECT LOAN POOLS

- (a) In addition to the documents required in Section C-1, an Issuer must submit the following:
 - i. A certification in the form of Appendix III-21. The certification must be reproduced on the Issuer's letterhead without revision.

If issuing under Reason B:

- (b) An Issuer must submit a new custodial file with the issuance of a pool backed by a modified loan. Many of the documents will be transferred from the original custodial file, but if any of the underlying conditions represented by the original pools document have changed, new or supplemental documents must be executed and placed with the document custodian.

For example, if the title insurance company issues a new policy on the modified mortgage or an endorsement to the original policy to include coverage of the mortgage modification, the new title policy or the endorsement and the existing title policy must be provided to the document custodian.

In addition to the documents required in Section C-1, an Issuer must submit the following:

- i. A copy of the modification agreement approved by FHA.

3. Document Custodian Procedures – Pool Certification

The document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the required review procedures must be referred to the Issuer in a timely manner.

It is important to note that while the Issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the Issuer responsible for the quality of the documents.

- (a) Form HUD-11706
 - i. Verify that the form HUD-11706 has been completely filled out by both the Issuer and document custodian,

CHAPTER 6: PROJECT LOAN POOLS

including their Ginnie Mae identification numbers.

- ii. File the form HUD-11706 in the related Pool Master File.

(b) Form HUD-11711B

- i. Verify that the pool number on the form HUD-11711B agrees with the Ginnie Mae pool number on the related form HUD-11706.
- ii. Determine that one of the two boxes on the form has been checked.
- iii. If the form HUD-11711B indicates that there is a second-party security interest in the pooled mortgage, verify that there is an original executed form HUD-11711A.
- iv. Verify that the Issuer has signed the form, if in hard copy.
- v. File the form HUD-11711B, if in hard copy, and form HUD-11711A, if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that the certification by the Issuer is incorrect, the document custodian must refuse the form HUD-11711B until the certification issues have been resolved.

(c) Promissory Note

- i. Verify that each item listed below is the same on both the promissory note and the related form HUD-11706:
 - Mortgagor/Borrower name(s);
 - Principal amount;
 - Interest rate;
 - First payment date;
 - Maturity date;
 - Monthly principal and interest payment; and
 - FHA project number including section of the act.

CHAPTER 6: PROJECT LOAN POOLS

After verifying the consistency and accuracy of information on the form HUD-11706 and the promissory note, the form HUD-11706 will then be the source document to be used to verify information on all other documents, except for the project number on the FHA insurance endorsement. The project number on the form HUD-11706 will be verified to and governed by the project number on the FHA insurance endorsement panel.

If a difference is identified by the document custodian in verifying the form HUD-11706 information listed in this Chapter 6(C)(3)(c)i to the promissory note, the issuer must correct or resolve the difference prior to certification by the document custodian.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. There will be no signature variations allowed for officers of corporations, partnerships, etc.

If the note is executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and must be executed on or before the date of the note. The copy of the power of attorney must be notarized. The power of attorney must have been an active and valid power at the time the note was executed.

- iii. Verify that the complete chain of signed endorsements exists from the loan originator to the Issuer.

The endorsement by the Issuer should be on the note, be in blank, and should not include a date.

Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction in which the mortgaged property is located and is enforceable in the jurisdiction in which the mortgaged property is located. Allonges may not be used in jurisdictions where their use is prohibited.

CHAPTER 6: PROJECT LOAN POOLS

- iv. Verify that the Issuer endorsement in blank and without recourse was made by an authorized officer, by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide) (“form HUD-11702”). It is the Issuer’s responsibility to ensure that the document custodian has a current copy of form HUD-11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the Issuer’s corporate charter and by-laws;
- The use of such signatures is authorized by a resolution duly enacted by the Issuer’s board of directors; and
- Such signatures must be notarized when required by jurisdictional law.

Ginnie Mae requires a facsimile signature to be a reproduction of a manual signature that can be saved electronically or by engraving, imprinting, or stamping.

- v. Examine the promissory note for sections requiring notarization, acknowledgment, or witness. If required, verify that such sections have been completed.
- vi. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective document must be filed with the original note.

If the rider, allonge or addendum references terms of prepayment, verify that each item below is the same on the rider and form HUD-11706:

- Lockout term;

CHAPTER 6: PROJECT LOAN POOLS

- Lockout end date;
 - Prepayment premium period; and
 - Prepayment end date.
- vii. Verify that the note has evidence of FHA insurance, signed by an FHA agent.
- viii. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the mortgagors.

(d) Agency Assignment

- i. Verify the Mortgagor/Borrower name.
- ii. Verify the presence of the legal description or a reference to the recorded mortgage.
- iii. Verify the assignment is executed by the Issuer to Ginnie Mae.

(e) Intervening Assignments

- i. Verify that all intervening assignments follow a complete chain of title from the loan originator to the Issuer or MERS. If the loan was originated with MERS as the Original Mortgagee (MOM), an intervening assignment is not required as long as the loan remains registered with MERS.

Ginnie Mae will accept typographical errors and other minor mistakes on an intervening assignment if the recording reference is correct.

- ii. Verify that the mortgagor name on the assignment corresponds to the form HUD-11706.
- iii. Verify that each intervening assignment is a recorded original. A copy of the intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recordation. If an intervening assignment is presented that is not a recorded original or copy of an original, or has no

CHAPTER 6: PROJECT LOAN POOLS

evidence of recordation or of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel stating that the assignment(s) is enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the Issuer Master File with a copy in the loan file to which the opinion applied.

(f) Security Instrument

- i. Verify that each item listed below is the same on both the security instrument and the form HUD-11706:
 - Mortgagor/Borrower name;
 - Principal amount; and
 - Maturity date.
- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. A copy of the security instrument is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation.
- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that all signatures on the security instrument properly relate to the note.
- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness.
- vii. Verify that any rider or addendum properly relates to the security instrument.
- viii. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.

(g) Mortgagee Title Insurance

- i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or

CHAPTER 6: PROJECT LOAN POOLS

- comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable if the original is lost.
- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
 - iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
 - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (Issuer must supply evidence that this provides effective coverage); and
 - Amount of insurance coverage, which must be no less than the original amount of the security instrument. If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage. This balance must also be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.
 - iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
 - Mortgagor/Borrower name(s);
 - Trustee name(s) if applicable; and
 - Principal amount.
 - v. Verify that a complete legal description is included on Schedule A of the title policy. The legal description on the title policy must match the legal description on the security instrument exactly.

CHAPTER 6: PROJECT LOAN POOLS

- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee and “its successors and assigns.” If the definition of “insured” did not include each ownership successor or assignee of the indebtedness secured by the mortgage, then the policy must be accompanied by an endorsement to the Issuer as the mortgagee. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”
 - vii. If a Torrens certificate or title abstract has been provided, verify that a legal opinion from qualified outside legal counsel, prepared at or after the recordation of the security instrument, has been provided which documents the acceptability of this evidence of title in the jurisdiction. Procedures in Chapter 6(C)(3)(g)i through Chapter 6(C)(3)(g)vi should be modified appropriately if a Torrens certificate or abstract of title is used.
- (h) Uniform Commercial Code (UCC1) Forms
- i. Verify that UCC forms or other security instruments evidence recordation or perfection (filing) with the secretary of state or other appropriate office with jurisdiction, if required.
 - ii. Verify that personal property is identified as “all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property.”
- (i) Assignments of Uniform Commercial Code (UCC3) Forms
- i. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form, but unrecorded or unperfected. “Recordable form” means an executed but unrecorded assignment to Ginnie Mae.
 - ii. Verify the name(s) of the mortgagor(s)/borrower(s).
 - iii. Verify the presence of a reference to county record books in which the UCC forms are recorded, and must be executed by a corporate officer of the Issuer.

CHAPTER 6: PROJECT LOAN POOLS

4. Converting a Construction Loan Pool to a Project Loan Pool

Construction loan securities are redeemed by the issuance of project loan securities to the security holders of the construction loan securities. Upon completion of the construction phase, the project is finally endorsed for FHA mortgage insurance. Upon final endorsement, the construction loan securities are terminated, and project loan securities are issued.

The procedures for converting to project loan securities (PL, PN, or LS pool) from construction loan securities (CL or CS pool) are as follows:

- (a) Consecutive pool numbers for the construction loan securities and the project loan securities must be used. The higher pool number is to be used for the project loan securities.
- (b) Documents in the document custodian's construction loan file must be withdrawn for inclusion in the document custodian's project loan file. The Issuer must accomplish this by providing to the document custodian a form HUD-11708.
- (c) The Issuer must prepare any additional documents required for certification as required in Section C-1.

5. Document Custodian's Certification

The document custodian must date and sign the certification on the form HUD-11706 (in hard copy or electronically) and must identify the name, address, and Ginnie Mae ID number of the document custodian and the name and title of the officer who signed the certification.

The document custodian is required to submit the certified original form HUD-11706 directly to the PPA via GinnieNET or hard copy. A copy of the certification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after certification of the pool must meet the certification standards for the pool. Loan files or documents released to an Issuer with a non-liquidation reason under release code 6 must be returned to the document custodian within 90 days. When a loan file or

CHAPTER 6: PROJECT LOAN POOLS

document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer and Portfolio Management (see Addresses), and the affected pools will be considered decertified until the loan file has been corrected.

(D) Recertifications

Recertification procedures are required if there is a change in Issuer or document custodian responsibilities for a pool. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian and that the notes have been properly endorsed for a transfer of Issuer responsibility. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. For pools related to a transfer of document custodian or Issuer responsibility, recertification must be performed within twelve (12) months of the effective transfer date.

1. Recertification Procedures

- (a) Verify that all required pool and loan documents are present and meet the minimum review standards required under Chapter 6(C)(3)a through Chapter 6(C)(3)i.
- (b) Form HUD-11711B is not required for recertification if the pool was transferred to a new Issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new Issuer is required to obtain forms HUD-11711B (hard copy or electronic) and 11711A (if required) from the original Issuer. If forms HUD-11711B and 11711A cannot be obtained, the new Issuer must obtain a waiver letter from Ginnie Mae's Office of Issuer and Portfolio Management (see Addresses);
- (c) If there has been a change in Issuer, verify that there has been a recorded assignment of the mortgage (except for loans registered with MERS);
- (d) If there has been a change in Issuer, verify that there have been updated endorsements on the promissory note;

CHAPTER 6: PROJECT LOAN POOLS

- (e) Verify that no form HUD-11708 with a non-liquidation release code is included in the loan file and the pool Master File in the place of the promissory note;
- (f) Verify that the form HUD-11706 (form HUD-11721 prior to January 1, 1996) is maintained in the Pool Master File;
- (g) If recertifying via hard copy, verify that the Issuer has prepared and delivered to the document custodian an original recertification page to be attached to copies of the original form HUD-11706;
 - i. If there has been a change in Issuer, verify that the recertification page of the form HUD-11706 contains the name, ID number, address, and signature of the new Issuer; and
 - ii. Sign the reverse side of the recertification page of the form HUD-11706, recertifying that all pool and loan documents have been received. The document custodian's name, address, Ginnie Mae document custodian number and the Issuer's pool number all must all be included on the form HUD-11706.

The document custodian is required to submit the recertified form HUD-11706 directly to the PPA via *GinnieNET* or hard copy. A copy of the recertification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after recertification of the pool must meet the certification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae, and the affected pools will be considered decertified until the loan file has been corrected.

CHAPTER 6: PROJECT LOAN POOLS

(E) Update of Legal Opinions

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

CHAPTER 7: OPERATIONAL PROCEDURES

Overview of Chapter

This Chapter addresses the following document custodian operational procedures:

(A) *Release and Return of Documents (HUD-11708);*

(B) *Early Pool Termination;*

(C) *Pool Maturity;*

(D) *Transfer of Document Custody upon Issuer Default;*

(E) *Transactions that Trigger Recertification Requirements;*

(F) *Relocation of Document Custodian;*

(G) *Issuer Mergers;*

(H) *Issuer Name Change;*

(I) *Physical Security;*

(J) *Inventory Accounting;*

(K) *Missing Document Resolution;*

(L) *Flow (Pre) Certification.*

(A) Release and Return of Documents

(1) Receiving Requests for Release of Loan Documents

Issuers may request from a document custodian the release of a loan file or document by submitting a Request for Release of Documents, HUD-11708 (Appendix V-5 of the Guide) (“HUD-11708”). The HUD-11708 must be signed by an authorized officer of the Issuer whose name appears on the Resolution and Certificate of Authorized Signatures, HUD-11702, (“HUD-11702”) found in Appendix I-2 of the Guide. The Issuer is responsible for all information presented in the Request for Release of Documents, HUD-11708, regardless of whether the form reflects edits suggested by the document custodian.

The Issuer may use an electronic or computer-generated HUD-11708 provided that the format and substance of the computer-generated form are the same as the printed HUD-11708. If an electronic form is used, the Issuer must be able to reproduce, upon request by Ginnie Mae or its designee, a hard copy of the form.

CHAPTER 7: OPERATIONAL PROCEDURES

For each request, the Issuer must identify the reason associated with its request by selecting the most applicable reason code from the six reason codes listed in the HUD-11708 and further described as follows:

- (a) Reason Code 1- Mortgage Paid in Full: Reason Code 1 applies when the Issuer has received and deposited funds on behalf of the mortgagor to pay the loan in full in accordance with Chapter 16-9(A) of the Guide.

Note: When a mortgage has been paid in full, the loan file pertaining to the mortgage must not remain in the possession of the document custodian. The Issuer must submit to the document custodian a HUD-11708 no later than thirty (30) days following the loan liquidation date.

- (b) Reason Code 2-Repurchase of Delinquent Loans: Reason Code 2 applies when the Issuer has used its own funds to repurchase the loan from the pool as result of delinquency as prescribed in Chapters 18-3(B) and 16-9(A) of the Guide. Reason Code 2 *may not* be used for requests submitted in connection with loss mitigation.

- (c) Reason Code 3-Foreclosure With Claim Payment: Reason Code 3 applies when the Issuer has received and deposited insurance/guaranty funds from FHA, VA, RHS, or PIH in accordance with Chapter 16-9(A) of the Guide *and* has liquidated the relevant loan from the pool.

Note: If state law requires the Issuer to have the original note before initiating foreclosure proceedings or shortly after the proceedings begin, the Issuer should submit a HUD-11708 using Reason Code 6, not Reason Code 3, to obtain the original note. The Issuer must also enter in the blank with Reason Code 6 the explanation "Initiating Foreclosure."

- (d) Reason Code 4-Loss Mitigation: Reason Code 4 applies when the Issuer has repurchased the relevant loan from a pool under the conditions specified in Chapter 18-3(B) of the Guide and deposited funds in accordance with Chapter 16-9(A) of the guide with the express intention of performing loss mitigation procedures specified by FHA, VA, RHS, or PIH.

- (e) Reason Code 5-Substitution: Reason Code 5 applies either when the Issuer needs to remove a defective loan from a pool to be substituted with an eligible loan in accordance with Chapter 14-8 of the MBS Guide, or

CHAPTER 7: OPERATIONAL PROCEDURES

when the issuer is correcting for an over-collateralization by means of loan substitution. The Issuer must obtain written approval from Ginnie Mae prior to submitting a HUD-11708 on the basis of Reason Code 5. The Issuer must include the written evidence of Ginnie Mae's approval for the relevant substitution when submitting the HUD-11708 to the document custodian.

- (f) Reason Code 6-Other: Reason Code 6 applies (1) when a loan is liquidated from a pool for any reason that does not meet the requirements of Reason Codes 1 through 5; or (2) when the Issuer needs a loan document or file for a non-liquidation reason. The required procedures for submission of a HUD-11708 on the basis of Code 6 are contingent on the specific reason underlying the request and are described below.

1. Liquidation-Related Requests Under Reason Code 6: For all requests submitted in connection with a loan that is liquidated, the Issuer must provide in the HUD-11708 an explanation of the reason for requesting the loan documents. Loan documents or files requested for liquidation reasons under Reason Code 6 may or may not require Ginnie Mae approval, as follows:

- (a) *Liquidation-Related Requests that Require prior Written Ginnie Mae Approval*: Issuers must obtain prior written approval from Ginnie Mae when the request relates to:
- The repurchase of a defective loan without a substitution; or
 - Any other reason that is not expressly listed below in paragraph "(b) Liquidation-related requests that do not require prior written Ginnie Mae approval."

The Issuer must include the written evidence of Ginnie Mae's approval for the relevant repurchase or release of loan documents when submitting the form HUD-11708 to the document custodian.

- (b) *Liquidation-Related Requests that do not Require prior Written Ginnie Mae Approval*: Issuers may submit a form HUD-11708 on the basis of Reason Code 6 without prior written approval for requests related to:

CHAPTER 7: OPERATIONAL PROCEDURES

- The taking of the mortgaged property by eminent domain or condemnation proceedings;
 - The receipt of hazard and/or flood insurance claim proceeds to pay the loan in full; or
 - For HMBS only, the occurrence of a mandatory or optional purchase event.
2. Non-Liquidation Requests Under Reason Code 6: For all requests submitted in connection with a loan that is not being liquidated, the Issuer must provide in the form HUD-11708 an explanation of the reason for requesting the loan documents and the date the Issuer expects to return the documents to the document custodian. Loan documents or files requested for non-liquidation reasons under Reason Code 6 may or may not require Ginnie Mae approval.:
- (a) *Requests related to non-liquidated loans that require Ginnie Mae approval:* Issuers must obtain written approval from Ginnie Mae when the request relates to:
- Transactions which trigger recertification requirements;
 - Any other reason related to a non-liquidated loan that is not expressly listed below in paragraph “(b) Requests Related to Non-Liquidated Loans that Do Not Require Ginnie Mae Approval.”
- The Issuer must provide to the document custodian a copy of the Ginnie Mae approval authorizing the release of the loan files. Ginnie Mae’s approval may consist of the transfer approval letter with pool exhibit and/or assignment agreement with pool exhibit provided by the issuer(s). Ginnie Mae’s written approval may be provided either in hard copy or electronically. The written Ginnie Mae approval may be used in lieu of an individual form HUD-11708 in requesting the files to be transferred.
- (b) *Requests related to non-liquidated loans that do not require Ginnie Mae Approval:* Non-Liquidation-related requests for document release that may be submitted on the basis of reason code 6 without prior

CHAPTER 7: OPERATIONAL PROCEDURES

Ginnie Mae approval include requests related to:

- Document correction;
- Initiation of foreclosure or litigation relating to borrower bankruptcy;
- Partial release of security;
- Release or grant of an easement;
- Release of gas, oil, or mineral rights;
- Release of chattel;
- Partition of the mortgaged property;
- Partial taking of the property by eminent domain or condemnation proceedings;
- Processing of a CEMA loan; or
- For Multifamily: Construction-to-Permanent Loan Conversions. These loans should not be included in the 90-day overdue report.

(2) Processing Requests for Release of Loan File or Document:

- (a) Form Requirements: Document custodians must not release to an Issuer any document without first obtaining a complete and accurate form HUD-11708 for the relevant individual loan or loan file for which a release is requested, unless the requirement for a form HUD-11708 is expressly exempted by this Chapter. The document custodian must only accept the current version of form HUD-11708.
- (b) Verification Requirements and form HUD-11708 Corrections: Upon receipt of a Request for Release of Documents, the document custodian must verify that the related form HUD-11708 is complete and accurate. If the information on form HUD-11708 is materially correct, the document custodian may make minor corrections with the agreement and approval of the Issuer.
- (c) Permissible Reasons: The document custodian may rely on the Issuer's stated reason for requesting a loan file or documents without verification.
- (d) Required Form Fields: The document custodian must verify that the Issuer completed the following fields accurately in the relevant form HUD-11708:
- Issuer institution full name, unabbreviated;

CHAPTER 7: OPERATIONAL PROCEDURES

- Issuer Ginnie Mae identification number;
 - Signature of authorized officer of the Issuer, whose name appears on the form HUD-11702;
 - Document custodian full name, unabbreviated;
 - Individual loan file information:
 - Mortgagor complete name(s); and
 - Property address.
 - Pool number;
 - One of the six reason codes;
 - A listing of document(s) removed in the “Other” section, if the entire loan file is not requested;
 - Issuer loan number;
 - Settlement/Expected Return Date:
 - Mortgage Paid in Full – settlement date;
 - Repurchase of Delinquent Loan – settlement date;
 - Foreclosure With Claim Payment – best estimate of settlement date;
 - Loss Mitigation – settlement date; or
 - Substitution – estimated completion date;
 - Other – expected return/settlement date;
- (e) Document Custodian Signature and Acknowledgment Requirements: After reviewing the prepared form HUD-11708 for completeness and consistency, the document custodian must record its Ginnie Mae document custodian identification number and sign and date (or electronically acknowledge) the form prior to releasing the requested loan file or documents to the Issuer.
- (f) Permissible use of facsimile signatures: Ginnie Mae permits the use of facsimile signatures on form HUD-11708 by either the Issuer or document custodian, as long as the signatures are permissible under the Issuer or document custodian’s corporate charter and by laws, and the use of such signatures is authorized by a resolution duly enacted by the Issuer or document custodian’s board of directors. Additional information for identification purposes may be added to the form HUD-11708 if agreed upon by the Issuer and the document custodian.
- (g) Specific Release Procedures Applicable to the Different Reason Codes:
1. **Reason Codes 1 through 4**: Upon release of the loan file from the document custodian’s possession and receipt of the form HUD-11708, the document

CHAPTER 7: OPERATIONAL PROCEDURES

custodian must update the form HUD-11706 to reflect removed files.

2. **Reason Code 5:** The document custodian must verify that any form HUD-11708 submitted to a document custodian with this reason code is accompanied by a copy of the letter from Ginnie Mae approving the substitution. The document custodian must not release a loan file if the form HUD-11708 is not accompanied by the substitute loan file and a copy of the Ginnie Mae approval letter. Once the loan file is released to the Issuer, the document custodian must “line-out” the released loan file on the form HUD-11706, and attach the page with the substitute loan to the form HUD-11706 with the substitute loan. A loan file that has been released because of a substitution may not be returned to the same pool. The document custodian must retain the copy of the Ginnie Mae approval letter in the Pool Master File for the remaining life of the pool.
3. **Reason Code 6:** For all requests submitted under Reason Code 6, the document custodian must ensure that the form HUD-11708 contains an explanation of the reason for requesting the loan document or loan files. The document custodian must also ensure that the form HUD-11708 is accompanied by the writing evidencing Ginnie Mae approval for the relevant transaction if such approval is required by Section (A)(1) of this Chapter.

For releases arising from liquidation-related requests, the document custodian must update form HUD-11706 to reflect the removed files upon release of a loan file from the document custodian’s possession and receipt of the form HUD-11708.

For releases arising from non-liquidation-related requests, the document custodian must list the loan in its non-liquidation inventory and track the documents in accordance with Chapter 7(J)5 of this Manual. The document custodian must also ensure that the form HUD-11708 contains the date the Issuer expects to return the documents to the document custodian.

- (h) Permissible use of Electronic Version of form HUD-11706: Ginnie Mae permits that form HUD-11706 be maintained in an electronic medium, but the document

CHAPTER 7: OPERATIONAL PROCEDURES

custodian must be capable of producing a printout of form HUD-11706 upon request by Ginnie Mae or its designee.

(3) Release of Documents and Certification Considerations

- (a) Transfer of Documents. The loan file or documents transferred to the Issuer or its designee must be accompanied by a written copy or electronic confirmation of the signed and dated form HUD-11708. When the Issuer requests loans from the document custodian using form HUD-11708, the Issuer is responsible for appropriate insurance coverage to insure against any loss or damage to the files in transit. Original forms HUD-11708 for loan files requested for a non-liquidation reason under reason code 6 for purposes of transfer or sale must be retained in the related loan file or Pool Master File.
- (b) Effect of missing or released documents on certification. In no case may a pool be initially certified with missing or released documents or loan files.
- (c) Requests for Release of Documents after initial certification. Approval from Ginnie Mae must be obtained anytime an Issuer requests a pool back from the document custodian after the document custodian has provided an initial certification via GinnieNET, but prior to the actual pool processing by the PPA. The Issuer is responsible for notifying Ginnie Mae in these cases, and for obtaining the required approval from Ginnie Mae. Once Ginnie Mae grants authorization to the document custodian, the document custodian may then return the pool documents to the Issuer. A form HUD-11708 is not required to return a pool that was never issued.

(4) Return Procedures

When a released loan file is returned to the document custodian by the Issuer, the document custodian must perform the following procedures to properly execute the return of form HUD-11708:

- (a) Match the original form HUD-11708 to the applicable loan file or documents;
- (b) Review the returned file or documents to determine that all applicable loan documents are returned and meet the

CHAPTER 7: OPERATIONAL PROCEDURES

requirements for certification as outlined in this Manual;

- (c) Sign and date the bottom of the copy of the form HUD-11708 (either in hard copy or electronically) that is being returned by the Issuer;
- (d) Update the HUD-11706 as necessary;
- (e) If releasing a loan file using a hard copy HUD-11708, forward the executed returned HUD-11708 to the Issuer.

The document custodian is not required to retain a copy of the returned HUD-11708.

(B) Early Pool Termination

In the event of a pool termination, Ginnie Mae will notify the document custodian directly, in writing, authorizing the release of all remaining mortgage documents. Upon receipt of the written authorization, the document custodian must release all loan documents relating to the terminated pool to the Issuer.

(C) Pool Maturity

After verifying that the security balance of the pool is zero, through at least the annual reconciliation of pools, the document custodian should notify the Issuer. It will be the Issuer's responsibility to request the Master Pool File from the document custodian after verification that all loans have been liquidated. If a loan file was requested in error, the Issuer must return to the document custodian the loan documents along with the Master Pool File.

Loan files requested in error by the Issuer must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents after 90 days. The notification must be in writing and be documented in the inventory or file. The Issuer must also maintain a non-liquidation release inventory. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) of the violation.

CHAPTER 7: OPERATIONAL PROCEDURES

(D) Transfer of Document Custody by Ginnie Mae

Upon notification to the document custodian by Ginnie Mae that an Issuer in the MBS Program has been placed in formal default status or if, for any reason, Ginnie Mae determines that the safety or security of loan documents is in jeopardy, the document custodian must comply with all written instructions from Ginnie Mae including, but not limited to, surrendering custody and delivering to Ginnie Mae or its designee all related documents, or otherwise abiding by all the terms contained in the Master Custodial Agreement, HUD-11715, (Appendix III-4 of the Guide) (“HUD-11715”).

(E) Transactions That Trigger Recertification Requirements

The following transactions trigger the need for document custodians to perform a recertification.

(1) Transfer of Issuer Responsibilities.

(a) For transfers of issuer responsibilities, where there is a change in the document custodian, the following documents are required to be provided to and be held by the recipient document custodian:

- Approval Letter;
- Assignment Agreement;
- Exhibit A;
- HUD-11702 provided by the Issuer
- Issuer Master File: Documents related to the pools and loans being transferred.
- Forms HUD-11711B and 11711A, if required
- HUD-11706, or trial balance
- HUD-11708

(b) For transfers of issuer responsibilities where there is no change in the document custodian, the document custodian may transfer the following pool documents and tracking to the new issuer in their system of record upon receipt of the transfer approval documents from the issuer.

- Approval Letter;
- Assignment Agreement;
- Exhibit A;
- HUD-11702 provided by the Issuer
- Issuer Master File: Documents related to the pools and loans being transferred.
- HUD-11711B and HUD-11711A, if required
- HUD-11706, or trial balance
- HUD-11708

CHAPTER 7: OPERATIONAL PROCEDURES

- (2) Pools Issued for Immediate Transfer (PIIT) transactions.
For PIIT transactions, the Transferor is required to identify and enter their Document Custodian's Identification Number at the time of pool submission through *GinnieNET*. The Transferee Issuer will enter their Document Custodian Identification Number at time of acceptance of the transferred Pool.
- (a) For PIIT transactions where there is a change in the document custodian, the following documents are required to be provided to and be held by the recipient document custodian:
- Assignment Agreement;
 - Exhibit A;
 - HUD-11702 provided by the Issuer;
 - Issuer Master File: Documents related to the pools and loans being transferred;
 - HUD-11711B and HUD-11711A, if required;
 - HUD-11706, or trial balance; and
 - HUD-11708.
- (b) For PIIT transactions where there is no change in the document custodian, the document custodian may transfer the following pool documents and tracking to the new issuer in their system of record upon receipt of the transfer approval documents from the issuer.
- (c)
- Assignment Agreement;
 - Exhibit A;
 - HUD-11702 provided by the Issuer;
 - Issuer Master File: Documents related to the pools and loans being transferred;
 - HUD-11711B and HUD-11711A, if required;
 - HUD-11706, or trial balance; and
 - HUD-11708.
- (3) Transfer of document custodians, without an accompanying change in issuer.
- (a) General Considerations. Under this procedure, Issuers have the option to either transfer some or all of their pools. To request a transfer of pools, Issuers are required to submit the information using the *GinnieNET* certification module.
- (b) Acceptability of Copies. Copies of documents related to the pools and loans being transferred are acceptable if the existing document custodian will retain pools for

CHAPTER 7: OPERATIONAL PROCEDURES

which the original documents must be retained.

- (c) Document Requirements. In transfers of document custodian without a change in Issuer, the following documents are required by the recipient document custodian:
- Assignment Agreement;
 - Exhibit A;
 - HUD 11702HUD-11702 provided by the Issuer
 - Issuer Master File: Documents related to the pools and loans being transferred.
 - Forms HUD 11711B and HUD-11711A, if required
 - HUD 11706HUD-11706, or trial balance
 - Forms HUD 11708HUD-11708
- (4) Exceptions
- (a) For pools issued more than 3 years from the transfer date, the form 11711B and form 11711A are not required, but should be transferred if available.
- (b) Final certification satisfies the recertification requirement in pools that are less than one year old.

All Issuer and Custodian relationships must be evidenced by a HUD- 11715.

For all transfers of document custody, the new document custodian has the responsibility to determine that all required documents pertaining to all mortgages in each pool have been received.

Note: Document custodians are not required, at any time, to send confidential documents that are unique to the Issuer-custodian relationship to a subsequent document custodian in a transfer.

(F) Relocation of Document Custodian

Ginnie Mae's approval must be received before a document custodian may move documents to a new location. The information that must be provided to Ginnie Mae includes the current address of where the documents are located, the address of the proposed new location, and a listing of the pools to be moved and the affected Issuers. An appropriate amount of in-transit insurance coverage must be in force to indemnify against any loss or damage to the files in transit to the new permanent storage location. The document custodian is responsible for obtaining insurance coverage to insure against any loss or damage to the files in transit.

CHAPTER 7: OPERATIONAL PROCEDURES

It is the document custodian's responsibility to determine, following the transfer or merger of physical custodial facilities, that all required pool and loan documents pertaining to each Issuer's pool have been received in the new (relocated) facility.

(G) Issuer Mergers

Ginnie Mae does not require recertification, intervening assignments or note endorsements when there is a merger of Issuers and the document custodian does not change. All mergers require prior written approval from Ginnie Mae. A copy of the merger documents and Ginnie Mae approval letter must be placed in the Issuer Master File. The surviving entity must be a party to HUD- 11715 along with the document custodian.

(H) Issuer Name Change

In the event of an Issuer name change, Issuers are required to provide the document custodian with a copy of the appropriate corporate resolution and a copy of HUD-11702. The Issuer is required to provide the resolution within thirty (30) days of a name change, and the resolution must be maintained by the document custodian in the Issuer Master File. The Issuer and the Document Custodian are also required to execute a new Master Custodial Agreement, HUD-11715, in GMEP. The document custodians may retrieve the new Master Custodial Agreement from the portal. Issuers are not required to prepare new assignments because of a name change.

(I) Physical Security

Ginnie Mae has determined that certain requirements must be met by document custodians to ensure that a secure and accessible storage facility is provided for the retention of pool and loan documents. These requirements are:

- (1) All documents for a single pool must be retained in a single permanent storage location. The name, address, and Ginnie Mae identification number of the document custodian must be specified on the final page of the applicable HUD-11706.

The address at which the documents are held must be the last address of record reported in writing to Ginnie Mae.

- (2) Adequate controls and safeguards must be provided to protect documents from hazards and unauthorized access.
- (3) A fire resistant depository for all Ginnie Mae pool documents is required.

All document custodial facilities must provide for two (2) hours of fire protection, which must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction, or an independent qualified fire protection

CHAPTER 7: OPERATIONAL PROCEDURES

contractor. This statement of compliance must be retained by the document custodian and be available for inspection by Ginnie Mae or its designee.

This statement of compliance must be updated upon any significant change in the facility and made available for inspection by Ginnie Mae or its designee.

The fire-resistant storage must have adequate access controls to ensure the safety and security of the custody documents and loan files. The access controls may be either in (1) an electronic form, such as requiring one employee using a security card reader to gain entry to the vault; or (2) a manual form requiring two employees to be present whenever the vault is entered.

It is the Issuer's responsibility to reconstruct the loan files in the event of a disaster. Responsibility of the document custodian to the Issuer depends on the contractual agreement between the Issuer and the document custodian.

- (4) A disaster recovery plan that documents, at a minimum:
- (a) The recovery of the electronic tracking system utilized by the document custodian (both data and reports);
 - (b) The relocation/restoration of the document custodial facilities to ensure continuing ability to perform required custodial functions;
 - (c) Additional requirements for the testing and maintenance of the plan;
 - (d) Procedures for notifying both the Issuer(s) and Ginnie Mae of a disaster within 24 hours of the disaster; and
 - (e) Certification testing which provides for the disaster recovery plan to be tested annually and acknowledged by an independent party (i.e., Internal Audit or an Independent Auditor). Such acknowledgement must state that the test was completed successfully; or if the facility failed the test, the date the successful test was completed.

(J) Inventory Accounting

The document custodian must maintain control of pool and loan documents for the life of the pool. Custodial control is critical for preserving the collateral interests of the Issuer, security holders and Ginnie Mae. This section describes specific inventory accounting requirements that must be followed for each Issuer

CHAPTER 7: OPERATIONAL PROCEDURES

for which the document custodian is responsible with respect to:

- •Issuer Master File;
- •Issuer Custodial Register;
- •Pool Master File;
- •Annual Physical Inventory; and
- •Non-liquidation Release Inventory/File.

(1) Issuer Master File

For each Issuer, the document custodian must maintain an Issuer Master File that includes at least the following information:

- (a) Issuer custodial register (described below);
- (b) Initial or subsequent HUD 11715(s);
- (c) Any blanket legal opinions;
- (d) Copy of an Issuer's corporate resolution for a name change;
- (e) Any other applicable Issuer level documents in the document custodian's possession;
- (f) Copies of any Issuer's corporate resolution(s) and/or legal opinion(s) relating to custodial matters (i.e., use of facsimile signatures); and
- (g) Copy of HUD 11702HUD-11702.

(2) Issuer Custodial Register

For each Issuer, the document custodian must maintain a register or tracking system which includes at least the following information:

- (a) A listing of Ginnie Mae pools currently in custody, including pool identification numbers;
- (b) For each pool, both the actual and due dates for final certification and recertification; and
- (c) A count of the total number of Ginnie Mae pools in custody.

If any activity occurs, this register must be updated once a month. Monthly activity that must be recorded includes all

CHAPTER 7: OPERATIONAL PROCEDURES

pool certifications, transfer activity and liquidations.

The Issuer custodial register must be kept in the Issuer Master File and must be available for review by Ginnie Mae or its designee. If the Issuer custodial register is maintained in electronic medium, however, the document custodian must be capable of producing a hard copy of the register upon request by Ginnie Mae or its designee.

(3) Pool Master File

For each pool covered under a HUD 11715, the document custodian must maintain a single Pool Master File that, at a minimum, must contain the following documents:

- (a) HUD 11706HUD-11706 or trial balances; If the pool was issued prior to January, 1996, the HUD 11706HUD-11706 may have a different title and form number;
- (b) Certification and Agreement, HUD 11711B (Appendix III-5 of the Guide) (“HUD 11711B”), if required;
- (c) Release of Security Interest, HUD 11711A (Appendix III-5 of the Guide) (“form HUD 11711A”),if required;
- (d) Original blanket intervening assignment(s), with a copy included in each individual loan file to which the blanket intervening assignment applies;
- (e) Original pool level waiver letter(s) from Ginnie Mae, if any; and
- (f) Forms HUD 11708HUD-11708 with non-liquidation release codes may also be retained in the individual loan files for released loan documents. These forms may be retained in hard copy or electronically. If retained electronically, the document custodian must be able to reproduce the form upon request by Ginnie Mae or its designee.

(4) Annual Physical Inventory

At least annually, the document custodian must perform an inventory of all pools held for each Issuer. At a minimum, the following procedures must be performed:

- (a) The pool numbers on the Issuer Custodial Register must be reconciled to a current Issuer-provided listing of pools; and

CHAPTER 7: OPERATIONAL PROCEDURES

- (b) The pool numbers on the Issuer Custodial Register must be reconciled to the Pool Master Files.

The document custodian must provide each Issuer it serves with a written summary of the results of the annual inventory. Any differences should be identified and resolved within one-hundred and twenty (120) days of submitting the inventory summary letter to the Issuers. Unresolved differences must be immediately reported by the document custodian to Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses).

(5) Non-liquidation Release Inventory/File

The document custodian must maintain an inventory or file of all forms HUD 11708HUD-11708 submitted on the basis of the non-liquidation reason code. If a file is maintained, copies of the forms HUD 11708HUD-11708 must be kept in chronological order by document release date. If an inventory is maintained, the following information must be included:

- (a) Pool number;
- (b) Issuer's loan number; and
- (c) Document release date.

The non-liquidation release inventory may be maintained in electronic medium; however, the document custodian must be capable of producing a hard copy of the inventory upon request.

Loan files or documents released to an Issuer for a non-liquidation release reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents after 90 days. The notification must be in writing and be documented in the inventory or file. The Issuer must also maintain a non-liquidation release inventory. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer & Portfolio Management of the violation. The document custodian may submit its report of loans overdue for return to Ginnie Mae on a monthly basis.

CHAPTER 7: OPERATIONAL PROCEDURES

If an Issuer has failed to return the file within the prescribed 180 days, the document custodian must inform Ginnie Mae of the Issuer's violation. Notification by the document custodian should be sent to both Ginnie Mae's Office Issuer & Portfolio Management (see Addresses) and the Issuer documenting the violation and listing the dates of the earlier request to rectify the violation.

(K) Missing Document Resolution

Lost or missing loan documents are documents that existed at some point, but cannot now be located by the Issuer after a thorough search, including searches by the document custodian and/or an agent, such as a foreclosure attorney or subcontract servicer. Note that the following discussion is not designed to be comprehensive and cannot be construed as a substitute for the advice of qualified legal counsel.

If Ginnie Mae HUD forms are missing from the pool Master File, these documents may be replaced with a copy of the missing document. Ginnie Mae will accept copies of the recorded Security Instrument and Intervening Assignments only if the originals have been lost and if the copies clearly show evidence of recordation. If any original note is missing, it may be replaced by a lost instrument bond. The document custodian must obtain a copy or original as appropriate of any missing document from the Issuer.

When a document custodian becomes aware that a required document is missing, it is the document custodian's responsibility to send the Issuer a written lost document notification immediately, not to exceed thirty (30) days after discovery, and request timely resolution by the Issuer. The written lost document notification to the Issuer must contain each of the following items:

- Pool number;
- Loan or case numbers;
- Mortgagor and Mortgagee names;
- Description of missing document;
- Date the document was discovered missing; and
- Possible reasons for the absence of the document, if known.

A copy of the document custodian's written notification must be placed and maintained in the Pool Master File. Additionally, at least quarterly the document custodian is expected to forward to the Issuer a listing of all documents that have been missing for ninety (90) days or more.

CHAPTER 7: OPERATIONAL PROCEDURES

Upon review and acceptance, the document custodian must file the replacement document in the applicable loan file and delete the document from the original lost document notification that was sent to the Issuer.

The Issuer must make a timely submission of the replacement document. If the missing document relates to a loan in a pool that has not been finally certified, the Issuer must replace the document within twelve (12) months of security issuance.

If the pool has been finally certified, the loan document must be replaced within ninety (90) days of the date the written notice was sent to the Issuer by the document custodian. If the problem is not resolved within ninety (90) days, the document custodian must then notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses). The affected pools will be decertified, and the loan file will have to be corrected and the pool finally certified or recertified.

For missing note situations requiring a lost instrument bond with limited liability, the lost instrument bond with limited liability must be in the form prescribed by Ginnie Mae. A lost note affidavit is not acceptable. The lost instrument bond must be accompanied by the appropriate Power of Attorney and certification as required by the insurance or surety company. (See Appendix I of the Manual for the prescribed lost instrument bond with limited liability.) The lost instrument bond does not require an endorsement. The bond must be submitted to the document custodian for review and approval. The document custodian will review the bond and, if acceptable, place the lost instrument bond in the document custodial loan file to replace the missing note.

In those cases where the document custodian may not be able to resolve a discrepancy with the Issuer concerning the lost instrument bond, the document custodian must submit the lost instrument bond to Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) for a final determination. Pools that are past due for final certification or recertification require a letter of credit. The letter of credit does not automatically place the Issuer in compliance with Ginnie Mae's requirements. Letter of credit requirements are more specifically described in Chapter 11-6 of the Guide. The document custodian's role in the letter of credit process is to reconcile with the Issuer the total number of pools and/or loans past due for certification. It should be understood that the document custodian cannot attest to any other figures noted (i.e., loan balances and the total amount of letter of credit), or to any other Ginnie Mae pools and/or loans held on behalf of the Issuer by other document custodians.

CHAPTER 7: OPERATIONAL PROCEDURES

If at any time an error is discovered by a document custodian, the document custodian must notify the Issuer of the error for correction or resolution. If the error cannot be remedied, Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) must be notified after ninety (90) days.

It is the document custodian's responsibility to review documents for their consistency and completeness. It is the Issuer's responsibility to determine the materiality of errors and adequately explain the materiality to the document custodian.

(L) Flow (Pre) Certification Document custodians may perform a preliminary review of Notes for completeness and consistency (and compare them) to an issuer's loan data file prior to the availability of the HUD-11706. Once such review is performed, the document custodian must lockdown the relevant loan data in its tracking system so that no further changes may be made to the respective loan data.

When the HUD-11706 from *GinnieNet* is made available but prior to initial certification, the document custodian is required to compare the loan data information on its tracking system to the information on the HUD-11706. The loan data comparison may be performed either manually or electronically to the document custodian's tracking system.

In addition, prior to initial certification, the document custodian must also ensure that the loan is not allocated in another pool or to another issuer.

CHAPTER 7: OPERATIONAL PROCEDURES

"Exhibit A"

Seller's Name, ID No.

Buyer's Name, ID No.

Pool Number	Type (X, C, or M)	Unpaid Security Principal Balance	Date of Issue	Date Finally Certified/ Recertified
-------------	-------------------	--------------------------------------	------------------	--

Total No. of Pools

Grand Total \$
As of Date

All documents held by (name of custodian) pertaining to the above Ginnie Mae mortgage pools have been released to (name of substitute custodian). The release was made to (name of individual representing substitute custodian) and was completed as of (date).

Authorized Signature, Custodial Institution

Date

Name of Custodial Institution, ID No.

This exhibit is provided for general information only. For specific instructions for completion, refer to Ginnie Mae 5500.3, Rev. 1, Appendix VIII-4.

CHAPTER 8: THIRD PARTY COMPLIANCE OVERSIGHT

(A) Independent Auditors (IA)

The Guaranty Agreement or the contractual agreement between an Issuer of Ginnie Mae mortgage-backed securities and Ginnie Mae requires the Issuer to submit copies of its annual financial statements, audited by an independent certified public accountant or an independent public accountant (both referred to as IA), within ninety (90) days following the end of the Issuer's fiscal year.

Because of its Master Custodial Agreement with an Issuer, each document custodian also becomes subject to IA compliance audits so that Issuer requirements are fulfilled. This IA compliance audit includes a review of the operations and records of each document custodian in accordance with the compliance tests for document custodians included in the HUD Office of Inspector General (HUD/OIG) Consolidated Audit Guide [Audit Guide \("Audit Guide"\) Chapter 6](#). The IA report on compliance testing includes all items of noncompliance that the IA has concluded are material departures from Ginnie Mae regulations or requirements.

The annual IA examination with respect to the document custodian can be performed in either, or both, of the two methods discussed below:

- (1) Multiple Auditor Approach. A document custodian may be tested for compliance with Ginnie Mae requirements by an IA engaged by each Issuer for which a Master Custodial Agreement exists. The IA contracts with an Issuer, performs audit procedures on the pooled mortgage documents related to that Issuer only, and issues reports based on the results of those tests. Under these circumstances, if a document custodian performs services for more than one Issuer, more than one IA may audit the loan files each year.
- (2) Single Auditor Approach. One IA, engaged by the document custodian, performs one compliance review of all pooled mortgage documents held for every Issuer for which a Master Custodial Agreement exists.

If an Issuer uses only one document custodian, it must be reviewed every year. If an Issuer uses more than one document custodian, all document custodians contracted by the Issuer must be reviewed at a minimum of every three years.

A selected IA must meet certain Federal requirements and all work performed must comply with "Generally Accepted Government Auditing Standards." See [Audit Guide Chapters 1, 2 and 6](#) for more detailed information.

CHAPTER 8: THIRD PARTY COMPLIANCE OVERSIGHT

The Master Custodial Agreement executed between a document custodian and an Issuer allows Ginnie Mae or a designee of Ginnie Mae to inspect and audit any and all records held by a document custodian relating to Ginnie Mae's guaranty of Mortgage-Backed Securities.

(B) Compliance Review Agent (CRA)

Ginnie Mae, as a fully owned corporation within the U.S. Government, and its representatives, will not sign confidentiality agreements before performing on-site visits or compliance inspections. Issuers and Document Custodians are assured that Ginnie Mae and its representatives are required by federal statute to safeguard all privileged or confidential commercial or financial information and business practices. Such information, which falls under Exemption 4 of the Freedom of Information Act, is not subject to discretionary release by the government. Exemption 4 is coextensive with the Trade Secrets Act, which makes it a crime for any employee to knowingly disclose trade secret information without legal authorization. Further, this statutory assurance is provided because the federal government cannot provide open-ended indemnification, as is common in indemnification agreements.

Ginnie Mae or its agent is responsible for the following functions:

- (1) Testing Issuer and document custodian records and procedures to determine whether they conform to Ginnie Mae requirements;
- (2) Following the completion of compliance testing, corrective action letters are issued to the document custodian, with relevant portions sent to affected Issuers;
- (3) Following up with document custodians and Issuers to resolve reported compliance exceptions; and
- (4) Monitoring compliance with final certification and Recertification deadlines and following up as necessary when such certifications become past due.

Ginnie Mae's designee is responsible for contacting document custodians directly and scheduling periodic on-site compliance testing visits. Document custodians are required to provide full cooperation during their compliance testing and any subsequent follow-up contacts. Compliance testing is performed for the sole benefit of Ginnie Mae and does not substitute for the required annual IA examination described earlier in this chapter. Ginnie Mae or its designee will meet with the document custodian at the end of an on-site compliance test.

CHAPTER 9: QUESTIONS AND ANSWERS

RESERVED FOR FUTURE USE

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

(A) Description of Home Equity Conversion Mortgage Loan Pools This Chapter describes custodial requirements for the following pool types. Chapter 35 of this Guide describes the HMBS program more generally:

In accordance with the conditions of the Master Custodial Agreement, form HUD-11715 (Appendix III-4) (“form HUD-11715”), and the certification required on the Schedule of Pooled Participations and Mortgages, form HUD-11706H (Appendix III-28) (“form HUD-11706H”) and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD-11706H. At the discretion of the document custodian and the Issuer, documents may be delivered incrementally or after all required documents have been received for individual loan files. However, the Issuer may not wait until it has collected all documents relating to an entire pool before forwarding the documents to the document custodian.

- (1) For the purposes of this chapter, the following definitions will apply:
 - (a) Mortgagor: The owner of real estate financed with a mortgage.
 - (b) Borrower: A person who has received a loan in connection with the HECM Program.

(B) Responsibilities

It is the document custodian’s responsibility to:

- (1) Accept the documents when delivered;
- (2) Verify that the documents relate to the loans listed on the related form HUD-11706H;
- (3) Review documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11, 13, and 35 of the Guide;
- (4) Notify the Issuer of any documents received that require correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

It is the Issuer’s responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects that are not considered material. Ginnie Mae, in its sole discretion, may require Issuers that fail to meet certification or recertification deadlines to take action to mitigate Ginnie Mae’s

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

risk exposure. Such sanctions may include but are not limited to, a letter of credit. For an Issuer subject to the letter of credit requirement or other mitigation measure, the document custodian must indicate and attest to Ginnie Mae those loans that do not meet certification requirements.

(C) Initial Certification

(1) Required Pool and Loan Level Documents

For initial certification, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- (a) Form HUD-11706H;
- (b) Certification and Agreement, form HUD-11711B (Appendix III-5 of the Guide) (“form HUD-11711B”). If the form HUD11711B indicates a second party interest in any pooled mortgage, at least one original Release of Security Interest, form HUD-11711A (Appendix III-5 of the Guide) (“form HUD-11711A”), is required. If there are no second party interests in the pooled mortgages, the Issuer must certify to that fact on the form HUD-11711B;
- (c) The original note or other evidence of indebtedness endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer of the note be complete;
- (d) The Home Equity Conversion Loan Agreement, including Payment Plan Rider; Closing Costs Rider, if applicable; and Repair Rider, if applicable;
- (e) All recorded intervening assignments must document a complete chain of title from the originating mortgagee to the Issuer, if the Issuer did not originate the loan.

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the Original Mortgage (“MOM”), no intervening assignments will be required as long as the loan remains registered with MERS.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

Intervening assignments must be recorded if jurisdictional law requires such recordation. At initial certification, the Issuer may use a blanket pool certification which certifies that all intervening assignments for an individual pool have been transmitted for recordation.

As an alternative to individual intervening mortgage assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction in which the mortgaged properties are located, as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools as long as the mortgaged properties are located in the same recording jurisdiction.

(f) The preliminary title report or title commitment.

(2) Loan Documents Supporting Each Separate Participation

If items 10(C)(1)(c) through 10(C)(1)(f) have been received on a prior securitization of a participation of the related loan by the document custodian, the custodian must still verify the information in section 10(C)(3). By executing the initial certification, the document custodian is certifying that they are in possession of the previously delivered documents and the information provided therein matches to the current form HUD-11706H.

In no case may a form HUD-11708 substitute for a required loan document at the time the document custodian performs an initial certification.

(3) Document Custodian Procedures – Initial Certifications

At a minimum, the document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred to the Issuer in a timely manner for correction prior to pooling.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for the acceptability (validity) of the documents.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

(a) Form HUD-11706H

Submissions of the HUD-11706H are only accepted through web-based *GinnieNET*, located on the internet at www.ginnienet.net. Issuers are not permitted to transmit HMBS pools in any form other than through *GinnieNET* without prior written authorization from Ginnie Mae.

- i. Verify that the total number of loans reported on the form HUD-11706H agrees with the loan files received at the time of certification or in previous transmissions.
- ii. Verify that the form HUD-11706H has been completely filled out for both the Issuer and document custodian, including the Ginnie Mae unique loan identification numbers.
- iii. File the form HUD-11706H in the related Pool Master File.

(b) Form HUD-11711B

- i. Verify that the pool number on the form HUD-11711B agrees with the Ginnie Mae pool number on the related form HUD-11706H.
- ii. Determine that one of the two boxes on the form HUD-11711B has been checked.
- iii. If the form HUD-11711B indicates that there is a second-party security interest in any mortgage related to a pooled Participation, verify that there is an original executed form HUD-11711A corresponding to the affected mortgage(s).
- iv. File the form HUD-11711A, if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that an Issuer's certification is incorrect, the document custodian must refuse the form HUD-11711B until the certification issues have been resolved.

(c) Promissory Note (or other evidence of indebtedness)

- i. Verify that each item listed below is the same on

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

both the promissory note and the related form HUD-11706H:

- Borrower(s) name (all borrowers that execute the promissory note in their individual capacity must be present on the HUD-11706H as borrowers);
- Property street address, city and state;
- Original interest rate (alpha and numeric);
- Verify the interest rate change date for ARMs;
- Verify the index type for ARMs;
- Verify the mortgage margin for ARMs; and
- Verify the lifetime interest rate cap for ARMs.

A note is deemed unacceptable if there are changes made to the face of the note that materially affect the terms contained therein, and these changes are not initialed by the borrower(s) and all other persons that execute the note. Material changes include, for instance, changes to the interest rate or deletion of any of the mortgage covenants.

After verifying the consistency and accuracy of information on the form HUD-11706H and the promissory note under Section 10(C)(3)(c)(i), the form HUD-11706H will then be the source document to be used to verify information on all other documents at final certification.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable.

Other acceptable variations include a borrower oversigning or undersigning the document, such as the borrower signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

there is a contradiction between the typed name and the signed name other than the types of variances discussed above, an original copy of the notarized name affidavit must be provided.

- iii. If the note is executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and should be executed prior to the date of the note. The copy of the power of attorney should be notarized and if the property address is present, verify it matches the property address on the note.
- iv. If the note is secured by a security interest in real property for which a living trust holds title, (1) verify that each trustee of the living trust signed the promissory note as trustee, (2) verify that each beneficiary (other than a contingent beneficiary) of the living trust signed the promissory note in its individual capacity as a borrower, and (3) include a copy of the trust agreement in the file.
- v. Verify that a complete chain of signed endorsements exists from the loan originator to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.

The endorsement by the pooling Issuer should be on the note, be in blank, but should not include a date. Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that each allonge meets the requirements of the jurisdiction where the mortgaged property is located and is enforceable in the jurisdiction where the mortgaged property is located..

- vi. Verify that the undated endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD-11702 (Appendix I-2 of the Guide)(“form HUD-11702”). It is the Issuer’s

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

responsibility to ensure that the document custodian has a current copy of form HUD-11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the Issuer's corporate charter and by-laws;
- The use of such signatures is authorized by a resolution duly enacted by the Issuer's board of directors; and
- Such signatures must be notarized when required by jurisdictional law.

Ginnie Mae requires a facsimile signature to be a reproduction of a manual signature that can be saved electronically or by engraving, imprinting or stamping.

- vii. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If required, verify that such sections have been properly completed. The notarization, acknowledgment or witness date must be the same date as the other signature(s) on the note.
- viii. Verify that each rider, allonge, or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective documents must be filed with the original note.
- ix. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the borrower(s) and, if applicable, any trustees of the living trust. Neither lost note affidavits nor lost note bonds are acceptable at the time of initial certification.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

(d) Home Equity Conversion Loan Agreement

Ginnie Mae will allow the use of a lender certified copy of the loan agreement to satisfy certification requirements.

- i. Verify that the borrower name(s) on the loan agreement match(es) the borrower name(s) on the related form HUD-11706H.
- ii. Verify that each signature on the loan agreement, including the exhibits, agrees with the name typed below the signature line on which it appears.
- iii. Verify that the lender name and a signature from the lender are present on the signature page of the loan agreement.
- iv. Verify the presence of Exhibit 1: Home Equity Conversion Mortgage Payment Plan, and that each item listed below is the same on both the loan agreement and the related form HUD-11706H:
 - Borrower(s) name; and
 - Principal limit.
- v. Verify the presence of any additional exhibits as referenced in the body of the loan agreement, i.e. schedule of closing costs, repair rider, etc. and that those agreements properly relate to the loan agreement.

Upon the Issuer's execution of the loan agreement, if so authorized by FHA under Lender Insurance, or receipt from FHA of the certified true copy of the original loan agreement executed by FHA, the Issuer shall forward the certified true copy to the document custodian.

(e) Security Instrument Assignment(s), if applicable

If the Issuer did not originate the loan, all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the Issuer.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the MOM, no intervening assignments will be required as long as the loan remains registered with MERS.

Prior to initial certification the Issuer must identify the loans registered with MERS.

- i. Individual Mortgage Intervening Assignment(s)
 - Verify that all intervening assignments follow a complete chain of title from the original lender to the Issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee, no intervening assignments will be required as long as the loan remains registered with MERS.
 - Ginnie Mae requires a chain of assignments from the originator of the loan to the pooling Issuer. The assignments must be complete.
 - Verify that all intervening assignments have been transmitted for recordation, if required by state law. The Issuer may generate a blanket certification for each individual pool in letter form certifying that all intervening assignments have been transmitted for recordation. Copies of the intervening assignments are not required at initial certification if the Issuer provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.
 - Except in the case of a living trust or life estate, verify that the mortgagor name(s) on the assignment agree(s) with the borrower name(s) on the form HUD-11706H. For a HECM related to property title held in a living trust, verify that the mortgagor name(s) on the assignment match(es) (1) the name(s) of the

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

trustee(s) for the living trust and (2) unless not necessary to create a valid first mortgage, as documented in an opinion from qualified outside legal counsel, the borrower name(s) on the form HUD-11706H. For a HECM related to property title held as a life estate with future interests, verify that the mortgagor name(s) on the assignment match(es) (1) the borrower name(s) on the form HUD-11706H and (2) the name(s) of any holder of any future interests in the property (remainderman or reversion) listed on the preliminary title report or commitment.

- If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original legal opinion letter must be filed in the loan file.
- ii. Blanket Intervening Assignment(s)
- Verify that all blanket intervening assignments have been certified by the Issuer as having been transmitted for recordation.
 - Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools that are in the same recording jurisdiction.
 - Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies and that a copy is maintained in the applicable Pool Master File.
 - Ginnie Mae permits the use of a blanket intervening assignment certification form in lieu of making a copy of each. The certification form must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Pool Master File.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

- If the blanket intervening assignment bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel, which states that the blanket intervening assignment is enforceable in the jurisdiction of the mortgages. The original opinion must be filed in the applicable Issuer Master File, with a copy in each loan file to which the blanket intervening assignment applies.

(f) Preliminary Title Report or Title Commitment

Ginnie Mae will allow the use of a title insurance company certified copy or lender certified copy of the preliminary title report or title commitment to satisfy certification requirements.

- i. Verify the property address, including city and state, is the same as on the related form HUD-11706H.
- ii. Verify the amount of insurance coverage for the lender, which must be no less than the maximum claim amount as reported by the Issuer on the Form HUD-11706H.
- iii. Verify the mortgagor's name is listed as having title to the estate. For example, in the case of a life estate, verify that the holder of the life estate and future interests are listed as having title to the estate.
- iv. Verify the presence of the legal description.

(4) Completion of the Initial Certification Process

- a. The document custodian must complete the initial certification on GinnieNET. In no case may a Request for Release of Documents, form HUD-11708 (Appendix V-5 of the Guide) ("form HUD-11708") substitute for a required loan document at the time the document custodian performs an initial certification. Releases can be processed after the document custodian transmits its certification to Ginnie Mae via GinnieNET.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

(D) Final Certification

The final certification deadline does not change because the current document custodian is not the custodian that issued the initial certification, nor does it change for a new document custodian following a transfer of Issuer responsibility or transfer of document custodial responsibility. If the new document custodian prepares the final certification, recertification will not be required. The document custodian must complete the final certification on GinnieNET.

(1) Required Documents

Within twelve (12) months of issuance, the Issuer is required to deliver the following additional documents to the document custodian for final certification:

- (a) Original security instrument securing repayment of the indebtedness signed by the mortgagor and recorded. Upon receipt of the original security instrument/modification from the recorder's office, the Issuer is required to forward it to the document custodian. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. However, the related original notes for modified loans are required.
- (b) Copies of the intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation, yet were not available at the time of initial certification.
- (c) Mortgagee title insurance policy or other evidence of title acceptable to FHA. A copy of the mortgagee title insurance policy is acceptable only if the original has been lost.

A form HUD-11708 with a non-liquidation release reason code may not substitute for a loan document or a promissory note at the time the document custodian reviews the loan file for final certification.

If Reason Code 6 is used to designate a mandatory purchase, 98% optional purchase, or due and payable purchase event, then verify that the loan is no longer in the pool. All documents not marked with Reason Code 6 on the form HUD-11708 must be present in the file. It should be understood that pools will not be eligible for final certification by the document custodian when loan documents are released for any other reason.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

(2) Document Custodian Procedures – Final Certifications

For each loan file, the document custodian is required to perform the following review procedures on the documents listed to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for document validity.

(a) Security Instrument

- i. Except in the case of a living trust or life estate, verify that the mortgagor name(s) on the security instrument match the borrower name(s) on the related form HUD-11706H.

For a HECM related to property title held in a living trust, verify that mortgagor name(s) on the security instrument match(es) (1) the name(s) of the trustee(s) for the living trust and (2) unless not necessary to create a valid first mortgage, as documented in an opinion from qualified outside legal counsel, the borrower name(s) on the related form HUD-11706H.

For a HECM related to property title held as a life estate with future interests, verify that the mortgagor name(s) on the security instrument match(es) (1) the borrower name(s) on the form HUD-11706H and (2) the name(s) of any holder of any future interests in the property (remainderman or reversion) listed on the title insurance policy.

Verify that the property street address, city and state are the same on the security instrument and the form HUD-11706H.

- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. Verify that the security instrument includes evidence of recording or filing date stamp. Ginnie

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

Mae exempts mortgages in Hawaii and Torrens jurisdictions from this requirement for purposes of final certification due to delays in registration in those jurisdictions. Upon receipt of the original mortgage documents from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For loans in Puerto Rico, the document custodian must verify receipt of a copy of the executed mortgage documents affecting the title to the mortgage, filed with the recorder's office. The Issuer must certify that these are copies of the originals and that the original mortgage documents were registered in compliance with local jurisdictional law.

- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that each signature on the security instrument agrees with the name typed below the signature line on which it appears.

If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness.
- vii. Verify that the trustee's name appears on the security instrument, if applicable.
- viii. Verify that any rider or addendum properly relates to the security instrument by confirming that the

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

appropriate box has been checked on the security instrument. If the rider box is not checked and the rider is attached, it is acceptable for certification purposes.

- ix. Verify that any rider or addendum is recorded and that the recording information corresponds to the security instrument.
- x. Ginnie Mae will accept a copy of the recorded security instrument only if the original has been lost and the copy clearly shows evidence of recordation.

(b) Intervening Assignments

- i. Determine that intervening security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation prior to initial certification, have been replaced at final certification with either a recorded original or a copy that clearly shows evidence of recordation.

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting the title to mortgages that were filed with the recorder's office. The Issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original assignments from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed along with the title, without the need to notify the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in its payment terms, then the intervening assignments would also require re-recording and the mortgagee title insurance policy must be brought forward ("date down" the policy) to the re-recording date.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

- ii. Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. For jurisdictions where recordation is not required, the document custodian must confirm that there is a Legal Opinion related to that jurisdiction. This opinion should be maintained by the document custodian in the Issuer's Master File. The original, unrecorded assignment must be maintained in the appropriate loan file.
- iii. Ginnie Mae will accept copies of the recorded assignments only if the originals have been lost and if the copies clearly show evidence of recordation.
- iv. Ginnie Mae requires that the original recorded blanket intervening assignment be maintained in the custodial Pool Master File with copies in the individual loan files. A copy of the recorded blanket intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recording.

Ginnie Mae permits the use of a blanket intervening assignment certification form. The certification form must be placed in each loan file where the loan was assigned on the blanket intervening assignment along with the original or copy of the recorded blanket intervening assignment (clearly showing evidence of recordation) maintained in the Pool Master File.

(c) Mortgage Title Insurance

- i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable if the original is lost.

Verify Amount of Insurance coverage for the

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

mortgagee, which must be equal to or greater than the maximum claim amount.

- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:

- Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In those instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument occurs for the purpose of altering any of the payment terms, the title insurance must be brought forward (“date down” the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
 - Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable); and
 - Trustee name(s), if applicable.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

- v. Verify that the legal description on Schedule A includes either of the following:
- A phrase that specifically references the legal description in the security instrument; or
 - A complete legal description.

Ginnie Mae requires that the legal description on Schedule A exactly matches the legal description on the security instrument.

- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee. Absent the mortgagee name, the title policy definition of “insured” must include each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must include the originating mortgagee and “its successors and/or assigns”. The policy must be accompanied by an endorsement to the Issuer as the mortgagee if the definition of “insured” did not include each ownership successor of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

- vii. If a short form title policy is used, the following information must be verified:
- Date of title insurance policy, which must be the same as or later than the recording date on the security instrument; in some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In these instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language which states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward (“date down” the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor names(s) and/or property address corrections.

- Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable);
- Property street address, including city and state;
- Date of security instrument; and
- Verify that the named insured under the title insurance policy is the name of the mortgagee or that the title policy definition of “insured” includes each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must name the originating mortgagee and include “its successors and/or assigns”. The policy must be accompanied by an endorsement of the policy to the Issuer as the mortgagee if the definition of “insured” did not include each successor in ownership of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

Due to variances between states in title insurance policy form requirements, to the extent any of the information above does not

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

appear on the title insurance product, an opinion from a third party legal counsel must be obtained that states that the absence of such information does not invalidate the title insurance policy coverage.

- viii. If a clerk-certified Torrens certificate or an original attorney's opinion which references an abstract of title has been provided, review should proceed accordingly.

The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.

- ix. If a master title policy is used, a copy of the certificate of title must be placed in the loan file and the review should proceed accordingly.
- x. Verify the existence of an adjustable rate or condominium endorsement to the title insurance policy if an adjustable rate and/or condominium rider is attached to the security instrument.

(3) Completion of Final Certification Process

The document custodian must date and sign the final certification on the reverse side of the form HUD-11706H, and must identify the name, address, and Ginnie Mae identification number of the document custodian, and the name and title of the authorized individual who signed the certification. If the form HUD-11706H includes more than one page, the document custodian need only sign the last page or the summary page.

The document custodian is required to submit the finally certified original form HUD-11706H via hard copy or through GinnieNET. A copy of the final certification must be placed in the Pool Master File. The PPA will provide the Issuer with a confirmation of the receipt and acceptance of the final certification.

Loan files that have been temporarily released for a non-liquidation reason under reason code 6, and are returned to the document custodian after final certification of the pool, must meet the final certification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

a loan file or document has been released to the Issuer for more than 90 days, it is considered to be overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files when the 90 day period has lapsed. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses), and the affected pools will be considered decertified until the loan file has been corrected.

(E) Recertification

Recertification procedures for a finally certified pool are required if there is a change of Issuer or document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. Recertification must be performed within twelve (12) months of the pool transfer date. The document custodian must complete the recertification on GinnieNET.

It is important to note that, while the Issuer may authorize the document custodian to make document corrections, Ginnie Mae ultimately holds the Issuer responsible for those changes and for the overall validity of the documents.

- (1) Recertification Process
 - (a) The recertification procedures are as follows:
 - i. Reconcile all loans listed on the original form HUD-11706H to the active loans listed in the Issuer's current loan trial balance and the forms HUD-11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD-11706H; or
 - ii. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD11706H. The information

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

provided for each loan must be the same as the information required on the front of form HUD-11706H.

(b) Verify that the following loan documents are present:

i. Promissory Note

- Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost instrument bond.
- Verify that the promissory note is endorsed up to the pooling Issuer in blank and without recourse.

ii. Home Equity Conversion Loan Agreement

- Verify that the loan agreement is a lender certified copy and that all exhibits referenced in the body of the agreement are attached.

iii. Security Instrument

- Verify that the security instrument is a recorded original or copy that clearly shows evidence of recordation, if state law requires recordation.

iv. Intervening Assignments

- Verify that all intervening assignments are recorded originals, unless state law does not require recordation. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. Intervening assignments required on or before March 31, 1979, are not required to be in the custodial file in order for the recertification to be completed.
- Verify that all intervening assignments required on or after April 1, 1979, follow a complete chain of title from the original lender to the current Issuer.

v. Mortgagee Title Insurance

- Verify the existence of an original title policy or

CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable if the original is lost.

- (c) Verify that there are no forms HUD-11708 with non-liquidation release codes in active loan files or the Pool Master File in the place of a promissory note. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost instrument bond are required.
- (d) Verify that all original forms HUD-11708 with liquidation codes are included with the form HUD-11706H in the Pool Master File, applicable to Section 10(E)(1)(a) above.

(2) Document Custodian's Recertification

The document custodian is required to forward the newly recertified form HUD-11706H directly to the PPA. The Issuer and document custodian must maintain a copy of the certification submitted to the PPA.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the custodian after recertification of the pool must meet the final recertification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

(F) Update of Legal Opinions

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

GLOSSARY

ADDENDUM:	A document attached to the note or security instrument
AFFILIATE:	An organization that can exercise control or significant influence over the management or operating policies of the issuer, directly or indirectly, through some type of control or ownership, as defined in GAAP FAS-57.
AFTER-ACQUIRED TITLE	The property title acquired after the execution of a security agreement that will serve as additional security for the underlying debt.
ALLONGE	An attachment to a promissory note or a negotiable instrument where additional endorsements can be added.
ALTA:	American Land Title Association
ALTA TITLE POLICY:	The ALTA loan policy insures the lender against loss or damage up the policy limit, plus costs and attorneys' fees incurred under the policy that are caused by (1) title being vested in a person other than the one shown in the policy, (2) title defects, (3) liens and encumbrances, (4) lack of a right of access to the land, (5) marketability of title, (6) prior mechanics' liens, and (7) street improvement assessment liens. In addition, the policy insures the priority and validity of the lender's lien on the property, except to the extent that the insured encumbrance is invalid or unenforceable due to usury, the effect of any consumer credit protection, or truth in-lending laws.
ASSIGN IN BLANK:	Transfer of the ownership rights in one or more pooled mortgages or mortgages related to pooled Participations from the Issuer to an unspecified party to be named at a later time.
ASSIGNMENT:	Transfer of a right, title, or interest in mortgages or Ginnie Mae securities, or the transfer instrument.
AUTHORIZED SIGNER	An authorized officer of the Issuer whose name appears on the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702.
BLANKET INTERIM (OR INTERVENING) ASSIGNMENT):	Transfer of ownership of more than one mortgage from the previous owner of the mortgages to the new Issuer that pools the mortgages or pools the Participations related to the mortgages.
BLANKET LEGAL OPINION:	A document expressing the opinion of qualified legal counsel on a group of similar documents or instruments as opposed to a separate opinion on each document or instrument.
BUYDOWN MORTGAGE:	A single-family mortgage in which a portion of the funds are provided by a third party (other than the borrower or mortgagee), and are intended to reduce the borrower's monthly payments during the early

GLOSSARY

	years of the mortgage
CA:	See "Compliance Agent."
CEMA:	See "Consolidation, Extension and Modification Agreement."
CENTRAL PAYING AND TRANSFER AGENT (CPTA):	The institution that Ginnie Mae employs to act on its behalf in the performance of the following functions: prepare certificates for certificated Ginnie Mae MBS, maintain a record of securities ownership and transfer information, cancel and re-register certificates tendered in good form by or on behalf of security holders, debit Ginnie Mae II Program Issuer's central P&I custodial accounts, pay Ginnie Mae II security holders, collect guaranty fees, and perform other duties with respect to Ginnie Mae MBS.
CERTIFICATE OF TITLE	A statement of opinion on the status of the title to a parcel of real property based on an examination of specified public records.
CHATTEL	Personal property, including manufactured housing units not permanently affixed to real property.
CLERK-CERTIFIED COPY:	A "true and correct" copy certified by the recorder's office.
COMPLIANCE AGENT (CA):	The institution that Ginnie Mae employs to conduct compliance and special reviews of Ginnie Mae Issuers and custodians.
CONSOLIDATION, EXTENSION AND MODIFICATION AGREEMENT (CEMA):	Combines into one set of rights and obligations all of the promises and agreements stated in existing notes and mortgages secured by the mortgaged property, including, if new funds are advanced to the mortgagor at the time of the consolidation, a new note and mortgage. The result is that the mortgagor has one consolidated loan obligation, evidenced by a consolidated note that is paid in accordance with the terms of the CEMA. The CEMA form is designed exclusively for use with respect to properties located in New York State, and is also known by the acronym "NY CEMA".
CONVEYANCE ACKNOWLEDGMENT (JURAT):	A formal declaration attached to or a part of an instrument used to affect a transfer of an interest in real estate. The acknowledgment is made before a duly authorized officer (usually a notary public) by the party that has executed the instrument.
CPTA:	See "Central Paying and Transfer Agent."
CUSTODIAL FEES:	The compensation agreed to by the Issuer and the document custodian for the custodial services performed by the document custodian.

GLOSSARY

CUSTODIAN:	See "Document Custodian."
DEED OF TRUST:	A conveyance (of real estate title) by a mortgagor to a trustee as collateral security for the payment of a debt with the condition that the trustee must re-convey the title to the mortgagor upon satisfaction of the debt or, in the event of a default, sell the collateral real estate and pay the debt to the lender.
DELIVERY DATE:	For book entry securities, the delivery date is the date that the CPTA registers ownership of the securities in the name of the depository on the central registry. For certificated securities held directly by a security holder, the delivery date is the date on which the CPTA releases the certificate or certificates to such security holder.
DOCUMENT CUSTODIAN:	A financial institution approved by Ginnie Mae that certifies and maintains the required documents for pooled mortgages or mortgages related to pooled Participations. The document custodian holds these documents for the life of a Ginnie Mae pool or loan package until it is replaced by another document custodial institution.
DUAL OBLIGEE:	Two parties that are debtors under a single promissory note.
ENDORSEMENT:	The assignment of an entire interest in a promissory note from one holder to another or to Ginnie Mae.
EQUITY:	The interest or value that an owner has in a property in excess of any related mortgage indebtedness.
EXECUTED:	With respect to a document, completed (i.e., signed).
EXHIBIT A:	The list of pool numbers submitted to Ginnie Mae with a request for transfer of pool documents. Exhibit A is prepared by the Issuer and signed by the new document custodian upon acceptance of the transferred loan files.
FHA:	Federal Housing Administration, an agency of the United States Department of Housing and Urban Development (HUD).
FINAL CERTIFICATION:	For any given pool or loan package, the certification by a document custodian that the loan documents delivered by an Issuer satisfy all of the requirements of the Guide.
FORECLOSURE:	A legal procedure whereby property used as security for a debt is sold or the title is taken in order to satisfy the debt because of a default in payment or otherwise under the mortgage.
GEM:	See "Growing Equity Mortgage."

GLOSSARY

GINNIE MAE OR GNMA:	The Government National Mortgage Association, also known as Ginnie Mae, is a wholly owned corporate instrumentality of the United States Department of Housing and Urban Development. Ginnie Mae guarantees securities based on and backed by pools of loans insured or guaranteed by the FHA, VA, RD or PIH. Securities guaranteed by Ginnie Mae are back by the full faith and credit of the United States government.
GINNIE MAE I:	The mortgage-backed securities program in which the timely payment of principal and interest on the securities is guaranteed by Ginnie Mae, and Issuers are required to pay security holders of certificated securities directly and make funds available for payments to the depository, as security holder of all book-entry securities. The payment date is the 15 th day of the month, subject to adjustment as specified in the Ginnie Mae Mortgage Backed Securities Guide 5500.3. This program is governed by the provisions contained in the Ginnie Mae Mortgage Backed Securities Guide 5500.3.
GINNIE MAE II:	The mortgage-backed securities program in which the timely payment of principal and interest on the securities is guaranteed by Ginnie Mae, and Ginnie Mae relies on the CPTA to pay security holders. The payment date is the 20 th day of the month, subject to adjustment as specified in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3. This program is government by the provisions contained in the Ginnie Mae Mortgage Backed Securities Guide 5500.3.
GINNIE MAE INITIATIVES:	Describes special provisions that may apply under certain specified conditions.
GINNIENET:	Ginnie Mae's electronic MBS pool submission computer network system, maintained by Ginnie Mae's PPA and detailed in the <i>GinnieNet Guide</i> . Notwithstanding any reference in this Guide to any particular version of GinnieNet (e.g., such as GinnieNet 7.1), the applicable version of GinnieNet will be that version specified from time to time by Ginnie Mae in an All Participants Memorandum distributed to Issuers.
GOVERNMENT SPONSORED ENTERPRISE (GSE):	An entity, such as Fannie Mae or Freddie Mac, which promotes liquidity in the secondary market by purchasing loans from lenders. Securities issued by Fannie Mae or Freddie Mac are not backed by the full faith and credit of the United States.
GPM:	See "Graduated Payment Mortgage."
GRADUATED PAYMENT MORTGAGE (GPM):	A loan on which monthly payments increase annually for a period of years.
GROWING EQUITY	A mortgage on which monthly payments increase annually at a

GLOSSARY

MORTGAGE (GEM):	predetermined rate for a period of years or over the life of the loan.
GSE	See “Government Sponsored Enterprise.”
GUIDE:	Ginnie Mae Mortgage-Backed Securities Guide, 5500.3, Rev.1, as hereafter amended.
HAWAIIAN HOMELANDS HOMEOWNERSHIP ACT OF 2000 (HAWAIIAN HOMELANDS):	A mortgage loan used to purchase, construct, and/or rehabilitate single-family homes on Hawaiian Home Lands, and guaranteed by HUD under the native Hawaiian Loan Guarantee Fund (Section 184A).
HECM:	See Home Equity Conversion Mortgage
HOLDER:	Any person or legal entity that is the owner of a mortgage-backed security issued under the Ginnie Mae I or Ginnie Mae II Mortgage-Backed Securities Program.
HMBS:	See Home Equity Conversion Mortgage Backed Security.
HOME EQUITY CONVERSION MORTGAGE (HECM):	A home equity conversion mortgage (HECM) loan, also commonly referred to as a “reverse mortgage,” is an FHA-insured mortgage designed specifically to permit senior citizens to convert the home equity of their principal residence into cash.
HOME EQUITY CONVERSION MORTGAGE BACKED SECURITY (HMBS):	A financial obligation secured by a pool of Participations related to HECMs.
IA:	See “Independent Auditor.”
IA REPORT:	The Independent Auditor’s audit report on an Issuer’s annual financial statements.
INDEPENDENT AUDITOR (IA):	An auditor that meets the auditor qualifications of Government Auditing Standards, including the qualifications relating to independence and continuing professional education. Additionally, the audit organization must meet the quality control standards of Government Auditing Standards.
INITIAL CERTIFICATION:	For a pool or loan package, a certification by a document custodian to Ginnie Mae that the documents have been delivered to it by the Issuer and that the documents satisfy the requirements of the Guide to the

GLOSSARY

	extent necessary for the issuance of securities..
INTEGRATED POOL MANAGEMENT SYSTEM (IPMS):	A system established by Ginnie Mae to manage the disbursement of congressionally authorized commitment authority to guarantee mortgage-backed securities under the Ginnie Mae MBS Programs. The Issuer requests commitment authority, which is aggregated, as approved, and is referred to as a commitment authority account or "line." As an Issuer issues approved securities backed by pools of mortgages, Ginnie Mae enters the amount of securities issued into the automated commitment file and the commitment line is automatically drawn down.
INTERIM ASSIGNMENT:	The transfer of or conveyance of ownership rights to another party.
INTERVENING ASSIGNMENT:	See "Interim Assignment."
IPMS:	See "Integrated Pool Management System."
ISSUE DATE:	The date from which an MBS issued under the Ginnie Mae MBS program accrues interest. The issue date is always the first calendar day of the month of issue.
ISSUER:	A business organization that, having met certain criteria established by Ginnie Mae, has been approved by Ginnie Mae to issue securities guaranteed by Ginnie Mae.
ISSUER MASTER FILE:	File held by a document custodian containing the Issuer's custodial register, an original of all forms and legal opinions and any other Issuer level documents.
JURAT:	See "Conveyance Acknowledgment."
LAND TRUST:	A land trust is an agreement whereby one party (the trustee) agrees to hold legal and equitable title to real property for the benefit of another party (the beneficiary).
LEGAL OPINION:	A formal written opinion that cites legal precedent from qualified legal counsel as to whether a security instrument or other document complies with jurisdictional law and/or practice.
LGC:	An abbreviation for the Loan Guaranty Certificate issued by the U.S. Department of Veterans Affairs (VA).
LIBER AND FOLIO:	A recording reference used in various recording jurisdictions to refer to a specific "book and page" or "volume and page."

GLOSSARY

LIFE ESTATE:	The right to use or occupy real property for the duration of one's life. The holder of a life estate may not convey or sell an interest in the property greater than the interest held.
MANUAL:	Ginnie Mae Mortgage-Backed Securities Program Document Custodian Manual.
MANUFACTURED HOME:	A single-family residential unit that is constructed in a factory in sections (in accordance with the Federal Manufactured Construction and Safety Standards then in force and identified by the presence of a HUD Plate/Compliance Certificate (label), with the sections then transported to the site and joined together on a pre-built permanent foundation (which satisfies the manufacturer's requirements and all state, county, and local building codes and regulations). The manufactured home has a structural frame (or chassis) that supports the complete unit of walls, floors, and roof; the underneath part of the home may have running gear (wheels, axles, and brakes) that enable it to be transported to the permanent site.
MARKETABLE TITLE:	Marketable title is one that may be completely clear or have only minor objections that would not jeopardize the validity of the lien and that a well-informed and prudent buyer of real estate would accept.
MASTER CUSTODIAL AGREEMENT:	The contractual agreement (Form HUD11715, Master Custodial Agreement) that sets forth the responsibilities of both the issuer and the document custodian, and formally establishes the custodial relationship for the safekeeping of pool and loan documents.
MBS:	Mortgage Backed Security.
MERS:	Mortgage Electronic Registration System, Inc. An electronic loan registry created by the mortgage banking industry to streamline the mortgage process by using electronic commerce to eliminate the use of paper assignments. MERS acts as nominee in the county land records for the lender and servicer. Any loan registered on the MERS [®] System is inoculated against future assignments because MERS remains the nominal mortgagee no matter how many times servicing is traded or transferred.
MIC:	An abbreviation for the Federal Housing Administration's Mortgage Insurance Certificate.
MORTGAGE:	Any mortgage identified and described in the related Schedule of Pooled Mortgages, form HUD11706, or Schedule of Pooled Participations and Mortgages, form HUD 11706-H, submitted to Ginnie Mae. As used in the applicable Guaranty Agreement and in the Guide, the term "mortgage" shall be construed to include a security instrument, together with the obligation secured thereby, the title evidence, and all other documents, instruments, and other papers

GLOSSARY

	<p>pertaining thereto, and the transaction(s) to which they relate, and all claims, funds, payments, proceeds, recoveries, property, monies, or assets related in any way thereto, including but not limited to any and all mortgage insurance or loan guaranty claim proceeds, hazard insurance proceeds, payments by mortgagors, refunds, rents, foreclosures or sales proceeds, and escrowed items. For HMBS pools, the term “mortgage” shall also be construed to include, but not be limited to, payments made to, on behalf of, or by the mortgagor with respect to the mortgage and all Participations, after the issue date of the MBS, and all unscheduled recoveries of principal received on the mortgage after the issue date.</p>
MORTGAGE-BACKED SECURITY (MBS):	A financial obligation secured by a pool of mortgages.
MORTGAGE GUARANTY:	Refers to the VA, RD or PIH promise to pay the mortgagee, or new issuer, a specified percentage of the unpaid principal balance, interest, and certain foreclosure costs in the event a mortgage defaults.
MORTGAGE INSURANCE:	Refers to the FHA’s promise to pay the mortgagee, or new issuer, a specified percentage of the unpaid principal, interest, and certain foreclosure costs in the event a mortgagor defaults.
MORTGAGE MARGIN:	The amount, stated in basis points, that is added to the ARM Index for an ARM loan in order to determine the interest rate on the loan.
MORTGAGEE	The lender in a mortgage transaction. A mortgagee may also be an approved Issuer of Ginnie Mae securities.
MORTGAGOR:	A party that borrows money giving a mortgage or deed of trust on real property as collateral (a debtor).
NEW DOCUMENT CUSTODIAN:	The document custodian that receives required pool and loan documents when there is a Ginnie Mae-approved change in custodial responsibilities
NEW ISSUER:	The Ginnie Mae MBS issuer that receives the servicing rights to pools transferred from another issuer with Ginnie Mae approval.
PARTICIPATION:	A Participation is an interest in the principal balance of a HECM loan that has been pooled into an HMBS pool (i) that does not represent interests backing any other pooled Participation and (ii) that has an original principal amount and Participation interest rate as shown in the Schedule to the applicable Guaranty Agreement. The outstanding principal balance of a HECM loan may include funds provided by the Issuer on behalf of mortgagors including, for instance, funds to pay taxes and insurance, servicing fees, mortgage insurance premium

GLOSSARY

	(MIP) payments and interest accruing on the HECM note, a portion of which may be attributed to the Ginnie Mae guaranty fee																		
P&I:	Principal and interest.																		
P&I CUSTODIAL ACCOUNT:	The non-interest bearing account(s) that the Issuer maintains with a financial institution for the deposit of principal (including scheduled and unscheduled principal payments) and interest collected from mortgagors, or in connection with the related property, to be paid to security holders, or made available to the CPTA for payment to security holders, as applicable.																		
PERFORMANCE BOND:	Surety bond given by one party to another in connection with a contract, protecting the second party against loss in the event that the terms of the contract are not fulfilled.																		
PIH:	See “Public and Indian Housing” loan.																		
POOL:	Generally, with respect to the Ginnie Mae I MBS program, a group of mortgages that forms a pool, and with respect to the Ginnie Mae II program, (a) a group of mortgages that forms a custom pool and (b) one or more loan packages that in turn form a multiple Issuer pool. The word “pool” may also be used to refer to all of the mortgages backing a single issuance of securities. With respect to HMBS pools in the Ginnie Mae II MBS Program, a group of Participations that form a custom pool.																		
POOL MASTER FILE:	The file that includes all documents pertaining to more than one loan in the same pool.																		
POOL PROCESSING AGENT (PPA):	The institution that Ginnie Mae employs to review pool and loan package document submissions prior to issuance of Ginnie Mae securities and to maintain records of both initial and final certifications.																		
POOL TYPE:	<p>The two letter prefix that identifies the type of mortgages backing the pooled security and may also identify characteristics of the security. See below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="text-align: left;">Description</th> </tr> </thead> <tbody> <tr> <td>AF:</td> <td>Five-year hybrid adjustable rate security designation.</td> </tr> <tr> <td>AQ:</td> <td>Designation for a type of one-year adjustable rate security with pooling parameters that differ from AR.</td> </tr> <tr> <td>AR:</td> <td>Designation for a one-year adjustable rate security.</td> </tr> <tr> <td>AS:</td> <td>Seven-year hybrid adjustable rate security.</td> </tr> <tr> <td>AT:</td> <td>Three-year hybrid adjustable rate security.</td> </tr> <tr> <td>AX:</td> <td>Ten-year hybrid adjustable rate security.</td> </tr> <tr> <td>BD:</td> <td>Designation for a pool of single-family, level payment mortgages that contains one or more buydown mortgages.</td> </tr> <tr> <td>CL:</td> <td>The designation for a pool that consists of a single mortgage on a multifamily project under construction and</td> </tr> </tbody> </table>		Description	AF:	Five-year hybrid adjustable rate security designation.	AQ:	Designation for a type of one-year adjustable rate security with pooling parameters that differ from AR.	AR:	Designation for a one-year adjustable rate security.	AS:	Seven-year hybrid adjustable rate security.	AT:	Three-year hybrid adjustable rate security.	AX:	Ten-year hybrid adjustable rate security.	BD:	Designation for a pool of single-family, level payment mortgages that contains one or more buydown mortgages.	CL:	The designation for a pool that consists of a single mortgage on a multifamily project under construction and
	Description																		
AF:	Five-year hybrid adjustable rate security designation.																		
AQ:	Designation for a type of one-year adjustable rate security with pooling parameters that differ from AR.																		
AR:	Designation for a one-year adjustable rate security.																		
AS:	Seven-year hybrid adjustable rate security.																		
AT:	Three-year hybrid adjustable rate security.																		
AX:	Ten-year hybrid adjustable rate security.																		
BD:	Designation for a pool of single-family, level payment mortgages that contains one or more buydown mortgages.																		
CL:	The designation for a pool that consists of a single mortgage on a multifamily project under construction and																		

GLOSSARY

		backs a security with an interest rate that will also be the interest rate on the project loan security into which the related construction loan security will be converted.
	CS:	The designation for a pool that consists of a single mortgage on a project under construction and backs securities with an interest rate that will differ from the interest rate on the project loan securities into which the related construction loan securities will be converted.
	GA:	The designation for a pool of single-family mortgages on which the monthly payments increase at a rate of 4 percent annually over the life of each loan.
	GD:	The designation for a pool of single-family mortgages on which the monthly payments increase annually at a rate and for the number of years acceptable to FHA or VA.
	GP:	The designation for a pool of single-family mortgages on which monthly payments increase annually for the first five (5) years.
	GT:	The designation for a pool of single-family mortgages on which the monthly payments increase annually for the first ten (10) years.
	LM:	The designation for a pool consisting of a single project loan with a first scheduled payment date more than 24 months before the issue date of the related securities or a project loan that has been modified subsequent to final endorsement.
	LS:	The designation for a pool consisting of one or more project loans, each of which is secured by a lien on a small project as determined by FHA that has a first scheduled payment date no more than 24 months before the issue date of the related securities, and none of which has been modified subsequent to final endorsement.
	MF:	The designation for a pool type consisting of multifamily mortgage loans.
	MH:	The designation for a pool type consisting of manufactured home (mobile home) loans.
	PL:	The designation for a pool consisting of a single, level payment project loan that has a first scheduled payment date 24 months or less before the issue date of the related securities and that has not been modified subsequent to final endorsement.
	PN:	The designation for a pool consisting of a single, non-level payment project loan that has a first scheduled payment date 24 months or less before the issue date of the related securities and that has not been modified subsequent to final endorsement.
	SF:	The designation for a pool type consisting of single-family, level payment loans.
	SN:	The designation for a pool of single-family, level payment

GLOSSARY

		mortgages that backs an issue of serial note securities, each unit of which is subject to sequential retirement by a single payment, subject to the amount of principal available each month for that purpose.
POWER OF ATTORNEY:	A written instrument authorizing a person, the attorney in fact, to act as agent on behalf of another person to the extent indicated in the instrument.	
PPA:	See "Pool Processing Agent."	
PRINCIPAL:	The amount of indebtedness (not including interest) owed by a mortgagor.	
PRINCIPAL BALANCE:	See "Unpaid Principal Balance."	
PRINCIPAL CURTAILMENT:	A reduction of less than all of the remaining principal balance of a loan, usually by partial prepayment of the loan, other than by a scheduled monthly payment.	
PROJECT LOAN:	A loan on a completed construction or rehabilitation project.	
PROMISSORY NOTE:	A written agreement between the mortgagor and the mortgagee specifying the amount and terms of repayment for a loan.	
PUBLIC AND INDIAN HOUSING (PIH) LOAN:	A mortgage loan for Native Americans secured by property on approved Indian Country throughout the United States and guaranteed by HUD under the Indian Home Loan Guarantee Program (See Section 184 Loan).	
RD:	See Rural Development.	
REASON CODE:	The reason for requesting a release of loan documents and/or loan files from the document custodian. The reason code is expressed as a number that corresponds to the list of numbered reasons shown on the Request for Release of Documents, form HUD11708.	
RECERTIFICATION:	For a pool of loans or Participations, a certification that the loan documents satisfy the requirements of the Guide following a transfer of Issuer responsibility or document custodian responsibility or deregistration of a related mortgage from MERS.	
RECORDATION:	See "Recording."	
RECORDING:	The act of entering or recording documents effecting or conveying interests in real estate in the recorder's office established in each jurisdiction. Depending on jurisdictional law and/or practice, until	

GLOSSARY

	recorded, a deed or mortgage is not generally effective against subsequent purchasers of mortgages.
RECOURSE LOAN:	A loan for which the endorser or guarantor is liable for payment in the event the mortgagor defaults.
REMAINING PRINCIPAL BALANCE:	For a loan, pool, or loan package, the outstanding principal balance, as of a given date, that remains to be paid.
RETAIL INSTALLMENT CONTRACT:	Used in the sale of manufactured housing units, agreements in which payments of money are made, usually on specific dates. Failure to pay an installment when due is a breach in which damages can be assessed based on the portion which has not been paid, and in which the seller of the manufactured housing unit has the right to repossess.
RHS:	See “Rural Development”.
RIDER:	A document attached to a note or security instrument amending the document after its proper body cannot be amended and restated.
RURAL DEVELOPMENT (RD):	Rural Development is a unit within the US Department of Agriculture that administers rural business, cooperative housing, utilities and community development programs.
SECTION 184 LOAN:	A loan guaranteed by the Secretary of HUD under Section 184 of the Housing and Community Development Act of 1992. See Public and Indian Housing.
SECURITY DEED:	A conveyance constructed as a deed transferring title, not as a mortgage, that is intended to collateralize the payment of all sums secured thereby.
SECURITY INSTRUMENT:	A written document by which the title to property is conveyed or deposited as security for the satisfaction of an obligation or the payment of a debt. The most common security instruments are mortgages and deeds of trust.
SINGLE CERTIFICATION:	The certification by a document custodian to Ginnie Mae and the Issuer that all required construction loan or project loan documents have been delivered by the Issuer in correct form. The PPA provides final approval for single certifications.
SINGLE-FAMILY MORTGAGES:	Mortgages on one- to four-family residential housing units insured or guaranteed under the FHA, VA, RD, or Section 184 programs.
SPECIAL	A deed in which the grantor warrants or guarantees the title only

GLOSSARY

WARRANTY DEED:	against defects arising during the period of his or her ownership of the property. A special warranty deed does not warrant against defects existing before that time.
TITLE CERTIFICATE:	A document used for personal property to evidence ownership of the property.
TITLE INSURANCE POLICY:	A contract by which the insurer agrees to pay the insured a specific amount for any loss caused by defects of title to a parcel of real estate (wherein the insured has an interest as purchaser, mortgagee or otherwise), other than encumbrances, defects and matters specifically excluded by the policy. In the context of this Manual, this term usually refers to the mortgagee's title insurance policy.
TORRENS CERTIFICATE:	A certificate of property ownership issued by courts in some states. Originated by Sir Robert Torrens, an Australian land reformer, the Torrens system permits property transfers without the need, generally, for historical title searches, once the property is brought within the system.
TRANSFER AGENT:	See "Central Paying and Transfer Agent."
TRANSFER DATE:	The effective date of the transfer of servicing as it relates to final certification and recertification deadlines, as specified in Ginnie Mae's confirmation letter.
TRANSFER OF CUSTODIAL RESPONSIBILITY:	The transfer of documents from the current document custodian to a new document custodian, that requires written approval (provided electronically) from Ginnie Mae.
TRANSFER OF ISSUER RESPONSIBILITY:	The transfer of pool ownership from the current Issuer to a new issuer, which requires written approval (provided electronically) from Ginnie Mae.
TRUST:	A fiduciary relationship whereby legal title to property is conveyed to a person or institution, called a trustee, to be held and administered on behalf of another party, called a beneficiary, which holds equitable title to such property.
TRUST DEED:	See "Deed of Trust."
TRUSTEE:	The entity holding legal title to property that is held in a trust.
TYPE C:	The designation on the "Exhibit A" for a GNMA II custom pool.
TYPE M:	The designation on the "Exhibit A" for a GNMA II multiple issuer pool

GLOSSARY

TYPE X:	The designation on the “Exhibit A” for a Ginnie Mae I pool.
UCC-1:	A set of statutes governing the conduct of business, sales, warranties, negotiable instruments, loans secured by personal property, and other commercial matters. These statutes have been adopted with minor variations by all states.
UCC-3:	A financing statement amendment used for many reasons including: terminating a filing, continuing a filing for an additional 5 years, full or partial assignment of a filing, amending secured party or debtor name, amending collateral.
UNPAID PRINCIPAL BALANCE (UPB):	The original loan balance reduced by principal payments received to date. The term may refer to the balance on a single loan or the total for all loans in a pool.
UPB:	See “Unpaid Principal Balance.”
VA:	The United States Department of Veterans Affairs, formerly named the Veterans Administration.
VA LOAN:	A mortgage loan on approved property made to a qualified veteran by an authorized lender and guaranteed by the U.S. Department of Veterans Affairs under its Home Loan Guaranty Program. The guaranty limits the lender’s loss exposure in the event that the veteran defaults on the loan.
VA VENDEE LOAN:	A loan that the Department of Veterans Affairs (VA) makes to finance the sale of a VA-acquired property. The security instrument shows the lender as the Administrator or the Secretary of the VA.
WAIVER:	Written evidence surrendering the right to enforce a condition of an agreement.
WAREHOUSE LENDER:	A financial institution that lends funds to mortgage banking institutions that originate mortgages with the borrowed funds.
WARRANTY DEED:	A deed guaranteeing that the grantor has good title, free and clear, of all liens and encumbrances and will defend the grantee against all claims.

Appendix II

RESERVED FOR FUTURE USE