

## **CHAPTER 13. DOCUMENT CUSTODIANS — ELIGIBILITY AND RESPONSIBILITIES**

### **PART 1. OVERVIEW OF CHAPTER**

*Effective Date: 2017-01-06*

This chapter provides a general overview of the eligibility requirements, the document review procedures, the pool or loan package certification requirements, and the ongoing document retention, protection, and management responsibilities applicable to Document Custodians.

The detailed instructions and requirements applicable to Document Custodians and to the various pool and loan package certification processes are detailed in the Ginnie Mae Document Custody Manual, Appendix V-01 of this Guide (“Document Custody Manual” or “the Manual”). In the event of a conflict between the provisions contained in the Chapters of this Guide and the Document Custody Manual, the Guide chapters shall govern.

### **PART 2. GENERAL ROLES AND RESPONSIBILITIES OF DOCUMENT CUSTODIANS IN THE MORTGAGEBACKED SECURITIES PROGRAM**

*Effective Date: 2017-01-06*

The primary roles of a Document Custodian approved to participate in the in the Ginnie Mae Mortgage-Backed Securities Program are to make required pool certifications and to maintain physical and custodial control of the related loan, pool and loan package documents. Document Custodians work under direct contract with an approved Ginnie Mae Issuer, but have fiduciary responsibilities to Ginnie Mae related to the pool or loan package documents under their custody.

The general roles and responsibilities of a Document Custodian are described in greater detail in Chapter 1 of the Document Custody Manual.

### **PART 3. BECOMING AN APPROVED DOCUMENT CUSTODIAN**

In order to become an approved Document Custodian, an institution must meet and continue to satisfy Ginnie Mae’s Eligibility Requirements, obtain a Document Custodian Identification Number and enter into a Master Custodial Agreement, Form HUD-11715, with each Issuer for which it serves or plans to serve as a document custodian.

#### **Section A. Eligibility Requirements**

*Effective Date: 2017-01-06*

(1) General Requirements:

- (a) The eligibility requirements applicable to all institutions seeking to participate as a Document Custodian are provided in “Part A. General Eligibility Requirements for Document Custodians” of Chapter 2 of the Document Custody Manual.

(2) Additional Requirements for Certain Institutions:

- (a) Institutions are subject to additional eligibility requirements if they wish to perform self-custody or to perform document custodial functions for an affiliate entity—these additional requirements are provided in “Part B. Additional Requirements for Issuers Performing Self Custody,” and in “Part C. Additional Requirements for Performing

Custodial Activities for Affiliates” of Chapter 2 of the Document Custody Manual, respectively.

**Section B. Obtaining a Document Custodian Identification Number**

*Effective Date: 2017-01-06*

An institution may request a Document Custodian Identification Number by following the process detailed in “Part E. Ginnie Mae Document Custodian ID Number” of Chapter 2 of the Document Custody Manual.

**Section C. Executing a Master Custodial Agreement**

*Effective Date: 2017-01-06*

Institutions that meet the applicable eligibility requirements and have an active Document Custodian ID Number may enter into a Master Custodial Agreement, Form HUD-11715, with a Ginnie Mae Issuer. A Document Custodian must sign a separate Form HUD-11715 for each Issuer that it serves.

**PART 4. EVIDENCE OF CONTINUED ELIGIBILITY REQUIREMENT**

*Effective Date: 2017-01-06*

Each institution approved as a Document Custodian is required to maintain and make available, upon request by Ginnie Mae, or its designated agent, the documentation detailed in “Part D. Documentation of Eligibility” of Chapter 2 of the Document Custody Manual.

**PART 5. GINNIE MAE INSPECTIONS AND SITE VISITS**

*Effective Date: 2017-01-06*

Ginnie Mae, or its designated agent, has the right to inspect a custodial institution's premises, its documentation of eligibility, and its policies and practices prior to assess whether an institution meets the requirements for approval as a Ginnie Mae Document Custodian, or, periodically upon approval, to assess whether the institution continues to satisfy Ginnie Mae program requirements.

**PART 6. SYSTEM PREREQUISITES AND MONITORING**

*Effective Date: 2017-01-06*

Each approved Document Custodian is required to obtain access to the Ginnie Mae systems necessary to carry out their custodial responsibilities under the MBS Program, including the Ginnie Mae Enterprise Portal (GMEP) and GinnieNET. The instructions and forms needed to obtain user access to these systems are contained in Appendix III-29, Government National Mortgage Association System Access Forms, of this Guide.

In order to access Ginnie Mae's electronic e-Access/ENotification software, each document custodian is required to use an expanded version of their 3-digit Document Custodian Identification Number to receive and transmit certain data with Ginnie Mae. A leading zero must be keyed first, followed by the assigned three-digit identification number at the login screen.

Each Document Custodian is required to assign at least one staff member to monitor the organization's e-notification mailbox on a regular basis.

## **PART 7. DOCUMENT REVIEW PROCEDURES FOR POOL AND LOAN PACKAGE CERTIFICATION**

Each Document Custodian is required to review the pool and loan or loan package documents (MBS Program Pool Documents) placed under its control to determine whether such MBS Program Pool Documents satisfy Ginnie Mae's document requirements for Initial Certification, Final certification, or Recertification, as applicable.

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

### **Section A. Initial Certification Process and Related Document Review Procedures**

*Effective Date: 2017-01-06*

By an "Initial Certification", the Document Custodian certifies to Ginnie Mae that: 1) it has received from the Issuer the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued; 2) that the documents meet the attributes, accuracy, and completeness requirements described in the applicable document review procedures detailed in the Manual; and, 3) that the documents relate to and are consistent with the list of loans reflected in the associated Schedule of Pooled Mortgages, Form HUD-11706, in the case of an MBS, or with the Schedule of Pooled Participations and Mortgages, Form HUD-11706H, in the case of an HMBS.

The list of documents required for Initial Certification, the corresponding document review procedures, and required initial certification procedures, including certification deadlines, for the various pool types are contained in the Document Custody Manual as follows:

- (1) Chapter 3, Part B, For Single Family Pools;
- (2) Chapter 4, Part C, For Manufactured Home Loan Pools
- (3) Chapter 10, Part C, For HECM Loan Pools

### **Section B. Final Certification process and Related Document Review Procedures**

*Effective Date: 2017-01-06*

By a "Final Certification", the Document Custodian certifies to Ginnie Mae that: it has received from the Issuer all the loan, pool, or loan package documents required by the Manual for Final Certification of the relevant pool; and, that each of these documents meets the attributes, accuracy, and completeness requirements described in the applicable document review procedures.

The list of documents required for Final Certification, the corresponding document review procedures, and required Final Certification procedures, including certification deadlines, for the various pool types are contained in the Manual as follows:

- (1) Chapter 3, Part C, For Single Family Pools;
- (2) Chapter 4, Part D, For Manufactured Home Loan Pools
- (3) Chapter 5, Part C, For Construction Loan Pools

- (4) Chapter 6, Part C, For Project Loan Pools
- (5) Chapter 10, Part D, For HECM Loan Pools

Additional instructions for the single Final Certification required for Construction Loan Pools and Project Loan Pools is found in MBS Guide Ch. 32, Part 8 and Ch. 31, Part 11, respectively.

### **Section C. Recertification Process and Related Document Review Procedures**

*Effective Date: 2017-01-06*

Document Custodians may be required to complete a Recertification pursuant to certain transfers of Issuer Responsibility or transfers of custodial responsibility. The various transactions that trigger Recertification requirements are outlined in Chapter 7, Part E of the Manual.

By “Recertification”, the Document Custodian certifies to Ginnie Mae that: it has received from the Issuer or the previous Document Custodian, as may be the case, all the loan, pool, or loan package documents required by the Manual for Recertification of the relevant pool; and, that each of these documents meets the attributes, accuracy, and completeness requirements described in the applicable Recertification document review procedures detailed in the Manual.

The list of documents required for Recertification, the corresponding document review procedures, and required Recertification procedures, including Recertification deadlines, for the various pool types are contained in the Manual as follows:

- (1) Chapter 3, Part D, For Single Family Pools;
- (2) Chapter 4, Part E, For Manufactured Home Loan Pools
- (3) Chapter 5, Part D, For Construction Loan Pools
- (4) Chapter 6, Part D, For Project Loan Pools
- (5) Chapter 10, Part E, For HECM Loan Pools

In addition to the loan, pool or loan package level documents identified above, Document Custodians affected by any of the transactions that trigger recertification requirements, are responsible for transferring the transaction level documents— such as the Assignment Agreement or Ginnie Mae Approval Letter—specified in Chapter 7, Part E of the Manual.

### **PART 8. DOCUMENT RETENTION AND SECURITY REQUIREMENTS**

*Effective Date: 2017-01-06*

Each Document Custodian is required to retain and safeguard the MBS Program Pool Documents under its custody in a secure storage facility. The controls and attributes required for each storage facility are detailed in Chapter 2 and in Chapter 7, Part I: Physical Security, of the Manual.

### **PART 9. INVENTORY ACCOUNTING AND OTHER SAFE KEEPING REQUIREMENTS**

*Effective Date: 2017-01-06*

Each Document Custodian is required to maintain control of loan documents for the life of each pool or loan package in an organized fashion, in order to preserve the interests of the security

holders, Ginnie Mae, and the Issuer. To that end, Ginnie Mae requires Document Custodians to maintain the following files for each Issuer client:

- (1) Issuer Master File;
- (2) Issuer Custodial Register;
- (3) Pool Master File;
- (4) Annual Physical Inventory; and
- (5) Non-liquidation Release Inventory/File.

The specific requirements applicable to each of these files is provided in Part J. Inventory Accounting, of Chapter 7 of the Manual.

## **PART 10. RESPONSIBILITIES DURING ISSUER VISITS AND REVIEWS**

**Effective Date: 2017-01-06**

Document Custodians may allow routine reviews of custodial documents by the Issuer or the Issuer's auditors. Any review of custodial documents by the Issuer or its auditors must be conducted on the premises of the Document Custodian. The Document Custodian is required to retain control over the relevant pool and loan package documents and is responsible for their safe-keeping during these reviews.

## **PART 11. RELEASE OF DOCUMENTS TO ISSUERS**

**Effective Date: 2017-01-06**

Under the terms of the Master Custodial Agreement, documents may be released to the Issuer from time to time in connection with servicing, including the satisfaction or foreclosure of mortgages. In accordance with MBS Guide, Ch. 4, only the Issuer itself can request a release of documents from custody.

Issuers holding custodial documents must meet the same standards for safekeeping documents that apply to Document Custodians. The specific procedures and responsibilities applicable to Issuers and Document Custodians concerning the release of documents from custody is provided in "Part A. Release and Return of Documents (HUD-11708)" of Chapter 7 of the Document Custody Manual.

## **PART 12. ISSUER MERGERS**

**Effective Date: 2017-01-06**

In the event of a merger relating to one of the Document Custodian's Issuer clients, Document Custodians are required to follow the procedures detailed in Part G. Issuer Mergers, of Chapter 7 of the Document Custody Manual.

## **PART 13. ISSUER CORPORATE NAME CHANGE**

**Effective Date: 2017-01-06**

In the event of an Issuer corporate name change, Document Custodians are required to follow the procedures detailed in Part H. Issuer Name Change, of Chapter 7 of the Document Custody Manual.

## **PART 14. MISSING DOCUMENT RESOLUTION**

*Effective Date: 2017-01-06*

Lost or missing documents are documents that are known to have existed but that are currently not in the possession of the Issuer, document custodian, or an agent such as a foreclosure attorney or subcontract servicer. The responsibilities of the Issuer and the document custodian regarding missing documents are prescribed in Part K. Missing Document Resolution, of Chapter 7 of the Manual.

## **PART 15. EARLY POOL TERMINATION**

*Effective Date: 2017-01-06*

Ginnie Mae pools may be terminated prior to the final maturity date outstanding securities. The responsibilities of Document Custodians related to early pool terminations are prescribed in Part B. Early Pool Termination of Chapter 7 of the Document Custody Manual.

## **PART 16. MATURITY OF POOL**

*Effective Date: 2017-01-06*

For pools that have reached maturity, Ginnie Mae requires Document Custodians to follow the process outlined in Part C. Pool Maturity of Chapter 7 of the Document Custody Manual.

## **PART 17. REQUIREMENTS IN THE EVENT OF A TRANSFER OF DOCUMENT CUSTODIAL RESPONSIBILITIES**

*Effective Date: 2017-01-06*

In the event of a transfer of custodial responsibility initiated by the Issuer or Ginnie Mae, approved Document Custodians are required to follow the operational procedures outlined in Part D. or Part E of Chapter 7 of the Document Custodian Manual, as applicable.

## **PART 18. CONSEQUENCES RELATED TO NONCOMPLIANCE AND FAILURE TO FULFILL FIDUCIARY RESPONSIBILITIES**

Ginnie Mae retains discretion to seek remedies against an approved Document Custodian as follows:

### **Section A. Removal of Document Custodian from Participation**

*Effective Date: 2017-01-06*

A document custodian may be removed from participation in the Ginnie Mae MBS Programs for any of the following reasons:

- (1) failure to meet any of the general eligibility requirements;
- (2) failure to comply with the provisions of this Ginnie Mae MBS Guide or the Document Custodian Manual;
- (3) failure to conduct its business operations in accordance with industry practice, ethics, and standards, as determined in Ginnie Mae's sole discretion;
- (4) failure to turn over the custodial documents to Ginnie Mae or Ginnie Mae's agents immediately upon receipt of notice in the event of the default of a Ginnie Mae Issuer; or

- (5) any reason Ginnie Mae determines in its sole discretion is necessary to protect the safety and soundness of the Ginnie Mae MBS Program.

A document custodian may be removed from participation in the Ginnie Mae programs upon written notice from Ginnie Mae, which will state the reasons for the removal. A document custodian will bear the risk of all losses associated with a removal by Ginnie Mae. In the event of removal, a document custodian will have the opportunity to submit a written presentation to the President of Ginnie Mae in support of a request for reinstatement. A determination by the President of Ginnie Mae will exhaust the administrative remedies of the document custodian.

After a document custodian has been removed from participation in the Ginnie Mae programs, it may submit a written request to Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) to be re-approved to serve as a document custodian. Approval of the request will be at the sole discretion of Ginnie Mae and upon terms that Ginnie Mae deems appropriate.

**Section B. Penalties related to Losses Arising from a Failure to Perform Fiduciary Responsibilities**

*Effective Date: 2017-01-06*

With respect to any specific loss Ginnie Mae may incur because of the absence of, or a defect in, a particular document, Ginnie Mae retains the right to be made whole by the Document Custodian if the relevant absence or defect arises from the Document Custodian's breach of its fiduciary obligations to Ginnie Mae in connection with the mortgages involved in the loss.