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This document is incorporated by reference into the Fannie Mae Selling and Servicing Guides.
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1 Introduction

This document, Fannie Mae Requirements for Document Custodians ("RDC"), provides additional detailed information on what is required of institutions that are providing document custody services on behalf of Fannie Mae and supplements the Fannie Mae Selling and Servicing Guides.

1.1 Document Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Version</th>
<th>Description</th>
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<tr>
<td>June 2007</td>
<td>Version 2.0</td>
<td>Updated overall document format, Clarified Seller vs. Servicer vs. originating lender where possible, 1.2 – Added Governance section, 1.3 – Added Definitions section, 1.4 – Added additional References section, 2.1 – Broke out responsibilities by Document Custodian, Servicer, and Seller, 2.1.1 – Clarified servicing transfer language, 2.1.2 – Updated language to allow commingling and expected timeframe for notifying COM of custodian changes, 3.3 – Added section on the new insurance requirements from Announcement 06-10, 4 – Clarified that the Servicer signs the 2003 in the case of a concurrent sale and if there is a sub-Servicer, 3 – Updated “dual access controls” information, 4 – Updated Custodial Agreement info for revised tri-party, etc., 5 – Replaced MORNET section with Doc Cert info, 7.1 &amp; 8.1 – Clarified that the Power of Attorney (POA) must be dated so it was valid at the time the note was signed, 8 – Clarified the requirement for custodians to verify the data from the Schedule of Mortgages with the documents it receives, 8.1 – Clarified “payable to” language can vary, 8.1 – Added note on <em>inter vivos</em>, 8.1 – Clarified the custodian’s responsibility regarding Lost Note Affidavits (LNAs), 8.1 – Updated language on allonges, 8.1 – Clarified that names and titles may be typed or written legibly, 8.2 – Updated assignment language, 8.2 – Clarified Mortgage Electronic Recordation System (MERS) Mortgage Identification Number (MIN) requirements, 8.2 – Added requirements for original mortgage amount, if available and date of mortgage, if available, 8.7 – Added section on electronic records to complement section on eMortgages, 8.8 – Added section on special approvals, 9.1 – Added interest only end date, 9.1 – Removed ARM plan number and original index value verification requirements, 12 – Added section on servicing transfers if the custodian does not change, 13 – Added section on vault moves, Exhibit 2 – Updated FAQs, 17 – Added Appendix for frequently used codes</td>
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<td>December 2008</td>
<td>Version 3.0</td>
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<tr>
<td>2.1.1 – Clarified that third-party Document Custodians may commingle Mortgage Loan documents</td>
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<tr>
<td>2.1.1 – Added that a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian must segregate Mortgage Loan documents</td>
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<tr>
<td>2.1.1 – Added that Document Custodian must use best efforts to obtain and track the Fannie Mae loan number for each Mortgage Loan</td>
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<td>2.1.2 - Clarified that the transferor and transferee servicer must notify the custodian of the change in servicer.</td>
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<td>3.1 – Added modified financial rating requirements for third party Document Custodians</td>
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<td>3.2 - Clarified Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</td>
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<td>3.2 Added modified financial rating requirements for a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</td>
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<td>3.2 – Added revised segregation requirement for a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</td>
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<td>3.4 – Added section regarding application and approval of new Document Custodians</td>
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<td>3.4.1 – Added section regarding active and inactive Document Custodians</td>
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<td>5 – Added that written procedures must include periodic reviews of authorized access to Doc Cert</td>
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<td>5.1 – Added that corrections on Doc Cert must be validated prior to pool certification</td>
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<td>6.3 – Added section regarding trust receipts</td>
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<td>7.1 – Deleted sub-bullet regarding HUD Form 53039, Indian Loan Guarantee Certificate</td>
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<td>9.1 – Deleted “if present” for certifying the Interest Rate Floor and added clarification in the ‘Note’ section.</td>
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<tr>
<td>9.3 – Added that data and document corrections must be validated prior to pool certification</td>
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<td>11 – Modified “transferor” to “transferee” in the first bullet and clarified that both transferor and transferee servicer must notify the Document Custodian of the change</td>
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<td>12 – Clarified that both the transferor and transferee servicer must notify the Document Custodian of any servicing transfers</td>
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<tr>
<td>12 – Added that the Document Custodian must use best efforts to obtain and track Fannie Mae loan number for Mortgage Loans involved in a servicing transfer</td>
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<tr>
<td>FAQ, A2 – Added segregation requirement for Sellers, Servicers and affiliates of Sellers or Servicers</td>
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<td>FAQ, A4 – Deleted the requirement that the Corporation Resolution authorizing facsimile signatures must provide a legal opinion that the signatures are legally binding</td>
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<tr>
<td>FAQ, A6 – Clarified that the Document Custodian must use best efforts to obtain and track the Fannie Mae loan number for each Mortgage Loan</td>
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<td>16.2 – Deleted all questions except for the question about whole loan certification. Moved this question to Section 16.3</td>
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<td>16.3 – Changed to Section 16.2</td>
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<tr>
<td>December 2009</td>
<td>Version 4.0</td>
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<tr>
<td></td>
<td>2.1.1 (5th paragraph, last sentence) – Added requirement that files should be segregated and identified as Fannie Mae assets on or before the settlement/funding date.</td>
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<td>6.2 (1st bullet) – Added requirement that the Schedule of Mortgages must accompany the Bailee letter.</td>
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<td>7.1 (1st bullet) – Clarified that LNAs must always be notarized and that it must be executed by the Seller</td>
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<td>8.1 (5th bullet) – Clarified that LNA must be executed by the Seller</td>
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<td>8.1 (Inserted last bullet) – Added requirement regarding endorsement in blank signed by POA</td>
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<td>8.4 (new section) – Added requirements for New York Cooperative Share Loan documentation.</td>
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<td>8.6 (1st Modified verbiage in the 2nd to last sentence: “…has verified that the Seller has submitted an MBS correction that…” (2) Modified verbiage in the last sentence: “…must not certify the pool until the Document Custodian has verified that the Seller has submitted an MBS correction…”</td>
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<td></td>
<td>8.9 (1st bullet) – Clarified that only non-New York cooperative share loans require special approval. Also added footnote referencing reader to Section 8.4 for complete New York cooperative share loan documentation requirements.</td>
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<td>12 (1) Added sentence to the 1st bullet which states that the Document Custodian may electronically compare data sent by the Servicer. (2) Under the 2nd bullet, added a 3rd sub-bullet that allows for verification of evidence of MIN (3) Added a 3rd bullet, the 3rd to last paragraph, and the 2nd to last paragraph. These 3 parts were inserted to be duplicative to the last paragraph in the previous section (Section 11.2) so that all of the requirements regarding servicing transfers with no change in Document Custodian are stipulated within Section 12 alone.</td>
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<td>16 (FAQ; Q9 and A9) – Corrected/clarified that the requirements applicability is only for non-New York cooperative share loans. Also added verbiage which specifies that the Document Custodian should contact Fannie Mae Custodian Oversight &amp; Monitoring if the Document Custodian does not have a Letter of Instruction.</td>
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<td>Various sections – replaced references to ‘Document Delivery Facility’, ‘DDF’ and ‘Fannie Mae’ with ‘Fannie Mae’s designated Document Custodian’</td>
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<td>Various sections – added reference to ‘Fannie Mae Form 2010 where a Custodial Agreement is referenced.</td>
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</table>
|              | Various sections – replaced references to ‘Certification Services Center’ with ‘Fannie Mae Custodian Oversight and Monitoring office’.
| August 2010 | Version 5.0 | 8.1 – (1st bullet) Changed sentence to include an individual signature. 8.1 – (new section 8.1.1) Added a new section to clarify Inter Vivos Trust Requirements. 8.4 – Changed section to include all Co-operative share loans |
| December 2010 | Version 6.0 | 3.4.2 – (new section) Added policy regarding termination of Inactive Document Custodians 6.2 – Updated the verification process with correct email addresses, phone #s, etc. 7.1 – Added “copy” to the requirement for the Rural Development Loan Note Guarantee. 7.1 & 9.1 – Added requirement that Special Feature Code 159 be verified when LNA is received. 8.1 – (last bullet) Added the requirement for “original riders and addendums etc.” to be consistent with the same requirements in Section 7.1. 8.1 & 9.1 – Added the requirement for unit # on the note. 8.1.1 – Added “mo/day/year” in the examples for the Trust instrument date. 8.5 – Added balloon mortgage requirements from Section 7.1 to Section 8.5 for consistency. 8.9 – Removed “Homestyle Mortgages” from the list of Special Approvals. 9.1 – Changed the requirement for the interest rate floor on ARMs. 9.2 – Added the responsibilities for Document Custodians regarding data discrepancies after the loan is certified. 11.1 – Added the requirement for Document Custodians to keep a record of document transfers to different Custodians. 16.1 – Added a Q&A for note endorsements on adhesive labels. |
| June 2011 | Version 7.0 | 3.3- Revised insurance reporting requirements. 8.3 – Add CEMA signature requirements for all borrowers. 9.1 – Added verification of project codes 1&2 for consistency with section 8.4. 9.1 – Added seasoned ARM clarification for validation of P&I. 9.2 – Added “document” discrepancy process after certification. |
| August 2012 | Version 8.0 | 3.1 & 3.2 – Removed reference to requirement for Fitch as one of three financial rating firms 3.1 & 3.2 – Updated to reflect name change from LACE Financial Corporation to KROLL. 3.4 – Removed reference to Form 2010 3.5 – Added section. Quality Control and Audit Requirements 13.3 – Added section, Full or Partial Acquisition of a Document Custody Business 18 – Add section, Exhibit 3: Independent Audit Requirements |
| October 2012 | Version 9.0 | 3.2 – Reinserted Fitch Long Term rating as one of three possible ratings for seller or servicer that serves as a Document Custodian. 18.2(F) – Updated to reflect name change from LACE Financial to KROLL. |
| December 2013 | Version 10.0 | 2 – Added clarification regarding compliance with privacy and confidentiality obligations in the Guides. 2.1.1, 4, and 13 - Removed references to Director of Custodian Oversight 3.1 - Removed Office of Thrift Supervision (OTS). 2. 2.1.1, 3.1, 3.2 and 3.4.1 - Replaced thirdparty_custody@fanniemae.com email with custodian_oversight@fanniemae.com. 3.2 - Updated Moody’s rating to Baa2. 3.4.2 – Added clarification regarding moving documents from an Inactive Document Custodian. |
3.5.1 – Added requirements for monthly submission of QC reports and a separate QC review at each site. Added clarification regarding determination of sample size.
3.5.2 – Added clarification regarding audit reports for multiple sites, updated the title of Section 18.1. Added requirement to provide detailed responses. Added “Note” regarding loan sample excluding servicing transfers.
4 - Updated the mailing address. Removed fax number, replaced with email address.
8.1 – Re-ordered the bullets and sub-bullets. Clarified meaning of “borrower” and updated provisions regarding execution of endorsements by power of attorney.
8.1.1 – Updated reference to signature addendum.
8.8 – Updated information concerning eMortgage approval.
8.9 – Updated information regarding special approvals.
9.1 – Added information concerning zip code validation.
9.2 - Deleted requirement for monthly notification of data and document discrepancies found
10 – Clarified requirements regarding return of documents
11 - Added requirement that cash loans held at designated Document Custodian remain at designated Document Custodian regardless of servicing transfer.
11.2 - Replaced NSO info with custodian_oversight@fanniemae.com email.
12 – Added requirement that cash loans included in servicing transfer must be moved to designated Document Custodian.
18.1 – Updated Minimum Audit Requirements.
18.2-Updated Independent Audit Report Template

June 2015

Version 11

2.1.1 – Added requirement that Document Custodian obtain and track the Fannie Mae loan number of all Mortgage Loans for which it holds Documents. Added requirement that Document Custodian’s business continuity plan address circumstances in which MERS system becomes inoperable.
2.1.2 – Added requirement that, if requested by Document Custodian, Servicer must provide list that identifies by Fannie Mae loan number the Mortgage Loans serviced by the Servicer for which Document Custodian holds Documents. In addition, Servicer must provide information to Document Custodian regarding Mortgage Loans for which Documents have been released for more than 90 days.
2.1.3 – Added requirement that Seller is responsible for ensuring that Document Custodian receives, within 30 days of certification, the Fannie Mae loan number for every Mortgage Loan for which Document Custodian provides custodial services.
3.1 – Added requirement that Document Custodian have a process in place to electronically obtain and retain the Fannie Mae loan number for each Mortgage Loan for which it provides custodial services.
3.5.1 – Added requirement that list of errors or issues and loan sample list in monthly QC process must identify Mortgage Loans by Fannie Mae loan number.
4 – Simplified provisions regarding execution of Custodial Agreements (Form 2003 or Form 2010).
5.1 – Adds to list of Document Certification application functions the provision of the Fannie Mae loan number.
8.1, 12 and 16.1 - Replaced thirdparty_custody@fanniemae.com email with custodian_oversight@fanniemae.com.
8.2 – Clarified requirements regarding MERS and MIN numbers.
9.4 – Added new section 9.4 regarding obtaining and tracking of Fannie Mae loan numbers.
9.4.1 – Added new section 9.4.1 to address loans certified on or after October 1, 2015.
9.4.2 – Added new section 9.4.2 to address loans certified before October 1, 2015.
<table>
<thead>
<tr>
<th>Paragraphs</th>
<th>Description</th>
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<tbody>
<tr>
<td>10 – Added provision regarding additional markings on mortgage notes that are returned to the Document Custodian. Added obligations of Document Custodian and Servicer regarding tracking and reporting status of Mortgage Loans for which Documents have been released more than 90 days.</td>
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<tr>
<td>11 – Added requirement that trial balance list Mortgage Loans by Fannie Mae loan number.</td>
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<tr>
<td>11.1 – Clarified responsibilities of existing Document Custodian and the terms of the notice of the release of documents.</td>
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<tr>
<td>11.2 - Clarified responsibilities of new Document Custodian with regard to recertification.</td>
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<tr>
<td>12 – Added requirement that a copy of the executed Form 2002 and loan list in electronic format be provided to Custodian Oversight and Monitoring.</td>
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<td>13.3 – Added requirement that completed Form 2002 be sent to Custodian Oversight and Monitoring and the applicable Servicer.</td>
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<tr>
<td>16.1 – Updated responses to Questions 3, 5 and 6.</td>
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<tr>
<td>18.2 – Updated Independent Audit Report Template to add space for auditor’s responses to new questions added to Minimum Audit Requirements.</td>
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<tr>
<td>April 2018 Version 12</td>
<td>Various sections – removed references to specific Form numbers for Fannie Custodial Agreements in favor or more general reference to Fannie Mae Custodial Agreement given the addition of the Form 2017 Custodial Agreement.</td>
</tr>
<tr>
<td>Various sections – replaced references to “pool” or “MBS” with “loan” to account for loan level certifications under Form 2017 Custodial Agreement.</td>
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<tr>
<td>Various sections – replaced references to “Schedule 2005” with “Loan Data” where appropriate.</td>
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<tr>
<td>1.3 – Removed definitions for terms that do not appear in RDC. Added or revised certain definitions to be consistent with Form 2017 Custodial Agreement.</td>
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<tr>
<td>2 – Removed unnecessary language, and added provision to make clear that Fannie Mae direction should be from Custodian Oversight and Monitoring group.</td>
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<tr>
<td>2.1 – Previous language removed as unnecessary. Replaced by former section 2.1.2 (with some modifications) dealing with Servicer Responsibilities.</td>
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<tr>
<td>2.1.1 – Removed section previously entitled “Document Custodian Responsibilities” as the entire RDC sets for the responsibilities of the Document Custodian. Responsibilities of Document Custodians that previously appeared in section 2.1.1 have been moved to other sections in the RDC.</td>
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<tr>
<td>2.2 – Language from former section 2.1.3 with some minor revisions.</td>
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<tr>
<td>3 – Added language clarifying that Document Custodians are to provide information relating to eligibility criteria to Lenders.</td>
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<tr>
<td>3.1 – Minor changes to conform to modified definitions section, and reordered paragraphs for more clarity.</td>
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<tr>
<td>3.2 – Minor changes to reflect some Document Custodians may certify whole loans and/or to conform to modified definitions section. Also, removed paragraph referencing the monitoring of financial rating as duplicative because this requirement already appears in section 3.1.</td>
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<tr>
<td>3.4.2 – Minor changes to conform to modified definitions section.</td>
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<tr>
<td>3.5.1 – Clarified that QC review does not include recertification due to servicing or custodial transfers. Also, minor changes to conform to modified definitions section.</td>
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</tbody>
</table>
3.5.2 – Minor changes to reflect renumbered audit sections and to conform to modified definitions section. Added language to specify audit loan sample review period.

4 – Revised to add Custodial Agreement Form 2017 and removed unnecessary language. Also added language clarifying Document Custodian’s responsibility to ensure a custodial agreement is in place and permitting electronic execution of same.

5 – Retitled this section as “Operating Standards” because the section has been reorganized to capture requirements relating to Document Custodian’s operations. Also, deleted the old section 5.1 as unnecessary.

5.1 – Contains prior language of old section 5 relating to document certification application. Adds language requiring that administrative and provisioning rights for application reside with the Document Custodian.

5.2 – New section requiring notice and Fannie Mae approval for Off-shoring or outsourcing of Document Custodian functions.

5.3 – Moved this requirement from former section 2.1.1.

5.4 – Moved this requirement from former section 2.1.1.

5.5 – Moved this requirement from former section 2.1.1.

6 – This section and its subparts revised to reflect two different Bailee Letter processes depending on which Custodial Agreement governs.

6.1 – Language from previous section 6, but otherwise no material change in requirements other than to clarify the Bailee Letter process in this subsection applies to Custodians operating under Form 2003 or Form 2010 Custodial Agreement.

6.2 – New language addressing the Bailee Letter process for Custodians operating under Form 2017 Custodial Agreement.

7.1 – Removed unnecessary language about the note and added language to make clear a single loan waiver is required when a loan with a missing note is delivered for certification. Also removed the “certified” copy requirement for certain documents; the Servicer still must provide a copy, but it need not be “certified.” Made minor changes to conform to definitions section.

7.2 – Minor change to conform to definitions section.

7.3 – Eliminated reference to Form numbers of Custodial Agreement and reduced the time for Document Custodians to retain electronic records from 5 to 4 years. Also added requirement for measures relating to security of Confidential Information.

8 – Added language to state general certification procedures that apply regardless of the version of Custodial Agreement applicable. Revised the second paragraph to make clear it applies to loans governed by the Form 2003 or 2010 Custodial Agreement.

8.1 – Removed unnecessary language and made minor changes to account for certification under Form 2017 Custodial Agreement. Added bullet to specify the approved Form note for Spanish notes and exception for street address for Puerto Rico loans. Removed requirement for copy of security agreement in the case of a lost note.

8.1.1 – Modified to conform to Selling Guide changes concerning signature requirements for inter vivos revocable trust notes.

8.2 – Former section 8.2 has been broken down into two subparts – one dealing with MERS mortgages (8.2.1) and one dealing with Fannie Mae assignments (8.2.2).

8.2.1 – Language from previous section 8.2 relating to MERS with some minor revisions such as removed references to Schedule 2005, pool level certification, and MORNET.
8.2.2 – Language from previous Section 8.2 relating to assignments, but no substantive change.
8.3 – Replaced “Agreement” with “CEMA” and removed requirement that a copy must be “certified.”
8.4 – Added language to show custodian will receive indication of co-operative share loan in Loan Data if governed by Form 2017 Custodial Agreement.
8.6 – Made clear that this section only applies to loans governed by Form 2003 or 2010 Custodial Agreement.
8.8 – Minor changes to update eMortgage requirements.
9 – Added language describing overall certification responsibility of Document Custodian.
9.1 – Revised language so that requirements apply equally regardless of the version of the Custodial Agreement, except in a few instances that are now identified.
9.2 – New section dealing with certification of eNotes.
9.3 – Formerly section 9.2. Removed unnecessary language.
9.4 – Formerly section 9.3, but otherwise only minor changes to conform to new definitions section.
9.4.1 – New section adding service level requirements for certification.
9.5 – Renumbered from 9.4
9.5.1 – Renumbered from 9.4.1.
9.5.2 – Renumbered from 9.4.2.
10 – Minor changes to make clear process applies regardless of version of Custodial Agreement. Added requirement that transmittal form from Servicer must be in a format acceptable to Document Custodian.
11 – New section addressing Servicing Transfers.
12 – New section addressing Concurrent Sale of Servicing.
13 -- Added requirement that trial balance list Mortgage Loans by Fannie Mae loan number.
13 – New section addressing Servicer initiated custodian change without servicing transfer.
14 – Formerly section 13 with some revisions.
15 – Formerly section 14 and revised to limit its application to loans governed by Form 2003 or 2010 Custodial Agreement. Otherwise, unchanged.
16 – Renumbered from former 15
17 – Renumbered from former 16.
17.1 – Renumbered from former 16.1. Revised answers to questions 8 and 11 to account for Form 2017 Custodial Agreement.
17.2 – Renumbered from former 16.2. Revised answer to question 2 to account for Form 2017 Custodial Agreement.
18 – Formerly section 17. Otherwise unchanged.
19 – Renumbered from former section 18.
19.1 – Renumbered from former section 18.1.
   Audit Section 1 – added specific reference to eNote.
   Audit Section 2 – new section for Off-Shoring and Outsourcing.
   Audit Section 2 -- Added language to account for different custodial agreements under Written Procedures and added requirement that administration of Document Custodian’s system be controlled by Document Custodian.
| | Audit Section 2 Practices Certification – revised language to account for different custodial agreements and added requirement concerning lender data corrections and tracking. Added requirement that “location” field be validated for eNotes.  
Audit Section 2 Practices Funding – removed requirements relating to self-funded, funding facility and tri-party agreements.  
Audit Section 2 Practices Releases – added requirement that Document Custodian provide nonliquidation release tracking information twice a year.  
Audit Section 2 Practices Transfers – added requirement that trial balance be provided within 30 days of receipt of Loan Data and some Documents.  
Audit Section 2 Business Continuity and Disaster Recovery – clarified requirements for business continuity and disaster recovery.  
19.2 – Renumbered from former section 18.2. Questions added and/or revised to conform to changes made to Audit template in section 19.1. |

### 1.2 Governance

In the event there is any conflict between:

- the operative Custodial Agreement and the Guides or RDC, then the Custodial Agreement prevails; and
- the Guides and the RDC, then the Guides prevail.

### 1.3 Definitions

- **Certification**: Notice by the Document Custodian to Fannie Mae that, as to each Mortgage Loan submitted by the Lender for review, it has examined all the related documents required for certification it has received and has determined that the:
  - Documents conform, prima facie and without exception, to the specifications set forth in the Guides, the RDC, and any other notice to the Document Custodian that describes Fannie Mae requirements for specific Mortgage Loans or Mortgage Loan types, and
  - Loan Data provided to the Document Custodian by the Seller matches the terms of those Documents, without exception.

- **Concurrent Sale of Servicing**: The sale of servicing rights (the contractual right to service Mortgage Loans on behalf of Fannie Mae) to a third-party buyer at the same time Mortgage Loans are sold to Fannie Mae.

- **Custodial Agreement**: The Fannie Mae promulgated contract that evidences the custodial relationship among Fannie Mae, the Servicer, and the Document Custodian wherein the Document Custodian agrees to hold certain specified documents that pertain to mortgages delivered to Fannie Mae (e.g., Fannie Mae Form 2003, Fannie Mae Form 2010, or Fannie Mae Form 2017).

- **Document Custodian**: An entity approved by Fannie Mae to maintain custody of documents relating to Mortgage Loans pursuant to the terms of a Custodial Agreement. Note that approval by Fannie Mae of certain Document Custodians may be limited to custody of specific types of Mortgage Loans (e.g., MBS, portfolio, eMortgages, etc.).

- **Electronic Record**: A contract or other information record that is created, generated, sent, communicated, received, or stored by electronic means. An electronic record may be delivered as part of an electronic transaction by the Lender, a Document Custodian, or Fannie Mae (or when a third party is involved, by the Lender, a Document Custodian, or the third party). All electronic records for Mortgage Loans sold to Fannie Mae must comply with the standards of the federal Electronic Signatures in Global and National Commerce Act (E-SIGN) and, if applicable, the Uniform Electronic Transactions Act (UETA) adopted by the state in which the electronic record is initiated.
Guides: Collectively, the:
- Fannie Mae Selling Guide,
- Fannie Mae Servicing Guide,
- Announcements by which Fannie Mae amends or supplements the foregoing from time to time, and
- Anything that (in whole or part) supersedes, is substituted for, or supplements any of the foregoing, in whatever medium (such as paper, electronic form, or otherwise) as Fannie Mae shall provide any of the foregoing, specifically including its Web site. References herein to the Guides (or to either of them) are references to the provisions of the most recently updated Guides that pertain to Document Custodians and document custody.

Lender: Lender in its capacity as Seller or Servicer, as applicable and as the context requires.

Loan Data: The loan level data for each Mortgage Loan, which Fannie Mae requires the Lender to send electronically through the loan delivery system and which the Document Custodian received electronically in the document certification system.

Mortgage Loan: Any of the following items sold to Fannie Mae: (i) A loan secured by a lien on a one- to four-unit residential dwelling, (ii) a residential cooperative share loan, (iii) a Participation Interest, or (iv) a loan secured by a lien on a manufactured housing unit, any of which has been identified in the Mortgage Loan Schedule for the related Trust. Any reference to “Mortgage Loans” or “residential mortgage loans” will be deemed to include any loan or interest described in (i) through (iv) above as the context requires in order to effectuate the purposes of the Trust Documents.

Participation Certificate: The instrument that evidences an undivided interest in mortgages and obligations secured thereby.

Required Documents: For each Mortgage Loan, the related promissory note, mortgage assignment to Fannie Mae (if applicable), and other documents as required by Fannie Mae to be deposited with the Document Custodian.

Schedule of Mortgages: Fannie Mae Form 2005 as completed for a particular MBS pool, including revisions or corrections thereof to permit deletion and/or addition of Mortgage Loans prior to the Document Custodian’s Certification of the MBS pool referenced on the Form 2005. This term may also include such other means of specifying Mortgage Loans that are subject to this Agreement and a Document Custodian’s certification as Fannie Mae may permit or require.

Seller: The party that is obligated to Fannie Mae to perform the functions of the “seller” in the Fannie Mae Selling Guide with respect to some or all of the Mortgage Loans.

Servicer: The party that is obligated to Fannie Mae to perform the functions of the “Servicer” as required in the Fannie Mae Servicing Guide.

Subservicer: An entity that has contracted with the Servicer to perform the ongoing servicing activities for Mortgage Loans.

Transferee Custodian: The new Document Custodian that will take on custodial duties for Mortgage Loans previously performed by another Document Custodian (i.e., the Transferor Document Custodian).

Transferee Servicer: The new Servicer that is taking on servicing responsibility from the existing Servicer. This occurs typically in cases of servicing transfers.

Transferor Custodian: The current Document Custodian that will be transferring custodial duties to the Transferee Document Custodian.

Transferor Servicer: The existing Servicer that is transferring servicing to another servicing entity. This occurs typically in cases of servicing transfers.
**Writing (or written):** A communication (or pertaining to a communication) that is:

- typed, handwritten, or photocopied on paper,
- transmitted electronically (e.g., e-mail), or
- transmitted via facsimile machine (i.e., fax).

### 1.4 References

There are reference documents which provide further information on requirements for Document Custodians. These documents are available either through [www.fanniemae.com](http://www.fanniemae.com) or directly from AllRegs® ([www.allregs.com](http://www.allregs.com)).

- The Fannie Mae Selling Guide and Servicing Guide are available on AllRegs®.

### 2. Overview

This RDC addresses the standard policies and procedures with which Document Custodians must comply. The RDC is not intended to address every situation that might arise. It is intended to provide more detailed guidance on issues not fully addressed in the Guides. Each Document Custodian must comply with the Guides (including but not limited to the privacy and confidentiality obligations set forth therein), which are available on the Internet via AllRegs® ([www.allregs.com](http://www.allregs.com) – with paid subscription), or [https://www.fanniemae.com/singlefamily/document-custodians](https://www.fanniemae.com/singlefamily/document-custodians). If a Document Custodian is faced with a situation that is not covered by the RDC or the Guides, it should seek assistance from the Lender. In the event the Lender does not provide assistance, the Document Custodian may contact its Custodian Oversight and Monitoring (COM) Analyst at custodian_oversight@fanniemae.com for assistance. The Lender, not the Document Custodian, is responsible for resolving any problems and for doing so in a manner that is acceptable to Fannie Mae. To the extent Fannie Mae provides direction, Document Custodians must ensure the direction comes from and/or is approved by Custodian Oversight and Monitoring.

#### 2.1. Servicer Responsibilities

The Servicer must have a Custodial Agreement covering all Mortgage Loans serviced on behalf of Fannie Mae.

A Seller/Servicer that uses a third-party Document Custodian must ensure that the Document Custodian is paid for the performance of its duties under the custodial arrangement. Fannie Mae is under no obligation to pay any compensation to a Document Custodian.

Once the Mortgage Loans have been sold to Fannie Mae, the Servicer is responsible for working with the Document Custodian to resolve any document or data errors that are subsequently discovered.

In the case of a servicing transfer, both the existing (transferor) Servicer and the new (transferee) Servicer must notify the Document Custodian of the change. Refer to Section 11 (Servicing Transfers).

The Servicer may from time to time receive from the Document Custodian a request to provide an electronic list that identifies, by Fannie Mae loan number, all, or a portion of, the Mortgage Loans serviced by the Servicer for which the Document Custodian holds Documents. The Servicer must provide such list to the Document Custodian within 30 days after the Servicer’s receipt of the request.

Additionally, the Servicer must provide information to the Document Custodian concerning the status of those loans for which documents have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days. Refer to Section 10 (Request for Release/Return of Documents (Form 2009)) for further details.
2.2 Seller Responsibilities

Prior to certification, a Seller is responsible for delivering the Required Documents related to the Mortgage Loans and Loan Data describing all Mortgage Loans to the Document Custodian. A Seller must submit the Loan Data to Fannie Mae before delivering the Required Documents to the Document Custodian for certification. The Document Custodian needs to have enough time to complete certification early enough to support the scheduled issuance of the MBS when applicable.

If errors are discovered by the Document Custodian as part of certification prior to Fannie Mae’s purchase of the Mortgage Loans, the Seller is required to work with the Document Custodian to resolve the issues.

The Seller is responsible for ensuring that the Document Custodian receives, within 30 days of loan certification, the Fannie Mae loan number for every Mortgage Loan for which the Document Custodian provides custodial services. The Seller must respond within 3 business days to any request from the Document Custodian to provide the Fannie Mae loan number following certification of the related Mortgage Loan.

3. Eligibility Criteria

The Document Custodian is expected to provide appropriate information to enable a Lender to determine that the Document Custodian satisfies Fannie Mae’s eligibility criteria and to assist the Lender in monitoring the Document Custodian’s financial viability and operational capabilities on an on-going basis.

3.1 Third-Party Document Custodians

In order to be a third-party Document Custodian, it must not be a Lender or an affiliate of a Lender for the Mortgage Loan in its custody and must meet all of the following criteria:

- Be (1) a financial institution subject to supervision and regulation by the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), or the National Credit Union Administration (NCUA); (2) a subsidiary or parent of a financial institution or holding company that is supervised and regulated by one of these entities; or (3) a Federal Home Loan Bank.

- Be in good standing with the regulator if the Document Custodian is the regulated institution, or, if the Document Custodian is not the regulated institution, the Document Custodian’s parent or subsidiary must be in good standing with its regulator. To be in good standing, the Document Custodian (or its parent or subsidiary, when applicable) cannot be in receivership or conservatorship, undergoing liquidation, or operating under any other program of management oversight by its primary regulator. (Fannie Mae will consider allowing Document Custodians that are successfully operating under approved capital plans to hold documents, particularly if the Document Custodian is an organization that has previously acted as a Document Custodian for Fannie Mae Required Documents.)

- Comply with the federal and state law standards adopted as Fannie Mae’s framework for electronic transactions, which became effective March 31, 2002 (please refer to Part I, Chapter 4, Section 402 of the Guides for details concerning the use of electronic records). All “covered transactions” previously allowed will be permitted under the electronic transaction provisions.
Meet at least the following minimum operating standards – with respect to staffing, written procedures, disaster recovery plans, document tracking capabilities, and physical storage facilities:

- Employ a staff that is familiar with the forms and procedures for mortgage loan certifications and mortgage document control that Fannie Mae requires and how they relate to each staff member’s specific functions.

- Have established written procedures that address the review and control of the note, assignments of the mortgage or deed of trust, and any special documentation requirements that Fannie Mae has for certain types of mortgages.

- Maintain and follow a written disaster recovery plan that covers relocation/restoration of the facilities, physical recovery of the files (the Document Custodian may work with the Servicer on what is expected of each institution), backup and recovery of information from electronic data processing systems, and additional requirements of periodic testing and monitoring of the plan;

- Have a process in place to electronically obtain the Fannie Mae loan number from the Seller/Servicer and retain the Fannie Mae loan number for every Mortgage Loan for which the Document Custodian provides custodial services, and, upon request by Fannie Mae, be able to perform reconciliations using the Fannie Mae loan number.

- Have sufficient capabilities to track the receipt and release of documents or files, to keep track of the physical location of the documents or files, and to provide management reports to identify released documents or files, etc.

- Maintain secure, fire-resistant storage facilities that provide at least two hours of fire protection to ensure the safety and security of the Required Documents.

- Be able to meet other requirements that Fannie Mae may subsequently specify.

- Meet one of the following financial rating requirements:
  - 125 or better rating from IDC Financial Publishing, Inc. (IDC), or
  - C or better rating from Kroll Bond Rating Agency, Inc. (KROLL).

If the Document Custodian is not a rated financial institution, the Document Custodian’s parent or subsidiary must meet the above financial rating standards. If the regulated entity is rated by IDC and KROLL, the Document Custodian (or its parent or subsidiary) only needs to satisfy one of the two rating requirements (provided that the other rating is not lower than a 75 from IDC or a D from KROLL).

The Seller or Servicer and the Document Custodian must have procedures in place to monitor the Document Custodian’s financial rating on a quarterly basis to ensure ongoing eligibility to act as a Document Custodian. If the Document Custodian is not a rated institution and is relying upon its parent’s or subsidiary’s rating, the Seller or Servicer and the Document Custodian must have procedures in place to monitor that parent’s or subsidiary’s rating. Should the financial rating fall below the minimum criteria, both the Document Custodian and Seller or Servicer must immediately notify their Fannie Mae servicing representative and send an email notification to custodian_oversight@fanniemae.com. Fannie Mae will determine, in its sole discretion, whether it will allow the Required Documents to remain with the current Document Custodian or require them to be transferred to an acceptable Document Custodian.
3.1.1 Physical Document Storage Facility Access Controls

Document Custodians must have authorized access procedures and have measures in place to determine that employees adhere to all written procedures. The procedures, at a minimum, must include clearly defined rules for access (i.e., who is authorized to physically enter the vault/document storage facility), handling of physical keys, badges, and other entry mechanisms. Fannie Mae requires the policies defined in the following sub-sections be followed to ensure the safety and security of all documents held in custody.

3.1.1.1 Visitors

Visitors are required to sign a Visitor Log and be accompanied by an authorized document custody employee at all times when in the physical document storage facility. Visitors are defined as non-document-custody employees and/or external visitors to the institution. However, Document Custodians who store documents in a 2 hour fire rated cabinet or use a recording video camera are not required to use a Visitor Log.

3.1.1.2 Storage Facility Access

The physical document storage facility is required to be safeguarded by dual access controls. The term “dual access controls” is defined as two layers of security protecting access to the physical document storage facility. The two types of security or controls are locked barriers to access and monitoring devices. Locked barriers to access literally are physical impediments to accessing the document storage facility (e.g., locked door requiring a key to unlock). Monitoring devices record the entry and exit of every individual to the document storage facility (e.g., a recording video camera that captures the image of any individual entering/exiting the physical document storage facility).

Either of the following two options satisfies the minimum requirement for dual access controls:

- Two separate locked barriers to access (manual or electronic).

OR

- One locked barrier to access (manual or electronic) AND one monitoring device.

NOTE: Two separate monitoring devices are NOT sufficient to meet the dual access controls requirement.

The following configuration, which combines a locked barrier to access and monitoring in one device, also satisfies the dual access controls requirement:

- One electronic locked barrier to access that also records the entry of individual employees (name, employee number, etc.) entering the document storage facility.

Example: a card key and reader that unlocks a door (barrier) and that records (monitoring) each individual’s information from the card. This incorporates the locked barrier to access and records the individuals who access the facility.

3.2 Seller Or Servicer Or Affiliate Of A Seller Or Servicer Serving As Fannie Mae’s Document Custodian

A Seller or Servicer or affiliate of a Seller or Servicer that otherwise meets the criteria for a third-party Document Custodian, as described above in section 3.1 (Third Party Document Custodians), may serve as Document Custodian for Mortgage Loans if it has an independent custody department that is established and operated under the trust powers granted by its primary regulator (or the primary regulator of its parent or subsidiary). In addition to the criteria specified in Section 3.1, the institution must meet all of the following criteria:

- Satisfy all of the eligibility criteria that Fannie Mae requires for third-party Document Custodians, with the exception of the financial rating requirements for third-party Document Custodians. A Seller or Servicer that
serves as a Document Custodian or a Document Custodian that is affiliated with the Seller or Servicer must have one of the following ratings:

- 130 or better rating from IDC Financial Publishing, Inc. (IDC), or
- C+ or better rating from Kroll Bond Rating Agency, Inc. (KROLL).

If the Document Custodian is not a rated financial institution, the Document Custodian’s parent or subsidiary must meet the above financial rating standards. If the regulated entity is rated by IDC and KROLL, the Document Custodian (or its parent or subsidiary) only needs to satisfy one of the two rating requirements (provided that the other rating is not lower than a 75 from IDC or a D from KROLL).

In assessing the eligibility of a Seller or Servicer that acts as a Document Custodian or Document Custodian that is affiliated with the Seller or Servicer to certify and hold Mortgage Loans on behalf of Fannie Mae, Fannie Mae will also consider the financial rating of the related Seller or Servicer. A Seller or Servicer that serves as Document Custodian or designates an affiliated entity as Document Custodian should have a financial rating that meets or exceeds at least one of the following criteria:

- Standard & Poor’s Long Term rating of BBB, or
- Moody’s Investors Service, Inc. Long Term rating of Baa2.

If the Seller or Servicer is not a rated institution, then the nearest parent that has a rating should have a financial rating that meets or exceeds at least one of the criteria immediately above.

If the Seller or Servicer fails to meet the recommended financial rating, Fannie Mae, in its sole discretion, may restrict the Seller’s or Servicer’s ability to serve as Document Custodian or to use an affiliated Document Custodian or may impose additional duties and restrictions on the Seller or Servicer and/or on the affiliated Document Custodian.

- The custody department of the institution acting as Document Custodian must meet all of the following criteria:
  - Be physically separate from the departments that perform origination, selling, and servicing functions.
  - Maintain separate personnel, files, and operations.
  - Be subject to periodic reviews or inspections by the Seller/Servicer’s primary regulator (or by the primary regulator of the Seller/Servicer’s parent or subsidiary, if the Seller/Servicer is not a regulated institution).
  - Have custodial officers who are duly authorized by corporate resolution or by-laws to act on behalf of the Seller/Servicer in its trust capacity and who are empowered to enter into the Custodial Agreement.
  - Segregate Fannie Mae Mortgage Loan files from those of other investors. All Fannie Mae Mortgage Loan files should be clearly identified as Fannie Mae assets.

### 3.3 Insurance Requirements

Each Document Custodian must have a Financial Institution Bond (or equivalent insurance) and Errors and Omissions insurance policies in effect at all times. The requirements described in this section do not diminish or alter any current insurance requirements or obligations otherwise required by Fannie Mae for a Seller/Servicer (in its capacity other than as a Document Custodian).

At a minimum, the insurance coverage for a Document Custodian must include financial institution bond and errors and omissions insurance.

The required insurance coverage must be underwritten by insurance carriers rated by either A. M. Best Company, Inc. or Standard and Poor’s, Inc. as follows:

- Carriers rated by the A. M. Best Company, Inc. must have a “B” or better rating.
• Carriers rated by Standard and Poor’s, Inc. must have a “BBB” or better rating.

The Document Custodian must notify the Seller/Servicer and Fannie Mae at least 30 days before an insurer cancels, reduces, declines to renew, or imposes a restrictive modification to the Document Custodian’s coverage, for any reason other than a partial or full exhaustion of the insurer’s limit of liability under the policy. Notification to Fannie Mae should be sent via email to thirdparty_custody@fanniemae.com

The Document Custodian must also report to Fannie Mae and to any affected Seller/Servicer within 10 business days after the occurrence of any single loss within the Document Custodian’s document custody division in excess of $100,000 that would be covered by the Financial Institution Bond or the Errors and Omissions policy – even if no claim will be filed or if our interest will not be affected. In addition, the Document Custodian must promptly advise both Fannie Mae and any affected Seller/Servicer of any cases of embezzlement or fraud affecting the Document Custodian’s document custody division, even if our mortgage notes are not involved or if no loss has been incurred. The Document Custodian’s report should indicate the total amount of any embezzlement or fraud loss regardless of whether a claim was or will be filed with an insurer.

A Document Custodian that is a subsidiary or affiliate of a financial institution may use its parent’s or affiliate’s Financial Institution Bond, and Errors and Omissions insurance policies. The Document Custodian must be named as a joint insured under the Financial Institution Bond and the Errors and Omission policies, and if not a regulated institution, the parent’s or affiliate’s bond or insurance policies must at a minimum meet any requirements stated in the Guides.

The details of the Financial Institution Bond insurance and the Errors and Omissions insurance are described in the following sub-sections.

3.3.1 Financial Institution Bond

Financial Institution Bond (or equivalent insurance) must protect against, at a minimum:

• Losses resulting from dishonest or fraudulent acts of directors, officers, employees, and contractors; and
• Physical damage or destruction to, or loss of, any mortgage notes and assignments while such documents are located on the Document Custodian’s premises or in-transit while under the control of the Document Custodian.

The insurance coverage must be in an amount that is commercially reasonable and is commonly found in the mortgage industry, based on the number of mortgage notes and assignments held in custody. The policy’s deductible clause may be for any amount up to a maximum of five percent (5%) of the face amount of the bond. The Document Custodian must obtain our permission for a higher deductible amount.

3.3.2 Errors and Omissions

Errors and Omissions Insurance covers liability due to errors or omissions in the performance of services, and claims resulting from the Document Custodian’s breach of duty, neglect, misstatement, misleading statement or other wrongful acts committed in the conduct of document custodial services. Coverage limits must be not less than $1 million per claim and $10 million in the aggregate, on a claims-made basis. The policy’s deductible clause may be for any amount up to a maximum of five percent (5%) of the amount of the policy.

3.4 Application and Approval Process for New Document Custodians or Inactive Fannie Mae Document Custodians Seeking to Become Active

In order to become a Fannie Mae Document Custodian, all new document custodians must be approved by Fannie Mae. In order to receive approval, the Document Custodian must submit a completed Application for Active
3.4.1 Active and Inactive Document Custodian Status

Fannie Mae will designate each Document Custodian as either an Active Document Custodian or an Inactive Document Custodian. An Active Document Custodian is defined as an entity that has certified Mortgage Loans for Fannie Mae in the previous calendar year. An Inactive Document Custodian is defined as an entity that has not certified Mortgage Loans for Fannie Mae in the previous calendar year, but is holding Mortgage Loans in custody for Fannie Mae. Fannie Mae will determine a Document Custodian’s subsequent designation (Active or Inactive) on an annual basis ending December 31st of each calendar year. Both Active and Inactive Document Custodians are obligated to meet Fannie Mae’s eligibility and operational requirements as set forth in the Guides and RDC in order to hold Mortgage Loans in custody for Fannie Mae.

Any Document Custodian identified by Fannie Mae as an Active Document Custodian, based on the criteria set forth above, will not have to apply for approval provided the Document Custodian maintains its Active Document Custodian status by certifying at least one Mortgage Loan on behalf of Fannie Mae in each subsequent calendar year.

Fannie Mae requires official notice of any sale, merger, reorganization or other major change in the Document Custodian’s organization or ownership. The Document Custodian must provide email notification of any such change to custodian_oversight@fanniemae.com. Fannie Mae will then determine if the Document Custodian needs to seek re-approval or take any other actions to satisfy Fannie Mae’s requirements to act as a Document Custodian.

If an Inactive Document Custodian desires to certify new Mortgage Loans for Fannie Mae, the Document Custodian must comply with the application and approval process described above. An Inactive Document Custodian must be approved as an Active Document Custodian before it may certify new Mortgage Loans for Fannie Mae. Any Document Custodian that is approved by Fannie Mae as an Active Document Custodian will maintain its Active Document Custodian status provided it certifies at least one Mortgage Loan on behalf of Fannie Mae in each subsequent calendar year.

If a Document Custodian that does not currently hold Fannie Mae Mortgage Loans desires to certify and/or hold Mortgage Loans for Fannie Mae, the Document Custodian must comply with the application and approval process described above, and must be approved by Fannie Mae before it certifies and/or holds new Mortgage Loans. If approved, the Document Custodian will be an Active Document Custodian. The Document Custodian will maintain its Active Document Custodian status provided it certifies at least one Mortgage Loan on behalf of Fannie Mae in each calendar year.

The approval process is not intended to replace or diminish any duties or obligations the Seller, Servicer or Document Custodian has to Fannie Mae under the Guides and the RDC. Rather, the approval process is designed to
allow Fannie Mae to track and reasonably determine a document custodian’s readiness before it performs certification on behalf of Fannie Mae.

### 3.4.2 Termination of Document Custodian Based on Inactive Status

Fannie Mae reserves the right to terminate any Inactive Document Custodian, regardless of how long such Document Custodian was previously an Active Document Custodian. Fannie Mae may require an Inactive Document Custodian to move the documents to an Active Document Custodian, even though such Inactive Document Custodian meets all of Fannie Mae’s eligibility and operational requirements for Document Custodians.

### 3.5 Quality Control and Audit Requirements

In order to ensure compliance with Fannie Mae’s certification and custody requirements, the Document Custodian is responsible for completing a monthly quality control review of its certification production and retaining an independent third party auditor to perform an annual compliance audit of its certification and custody practices.

Fannie Mae will review the results of quality control reviews and the annual compliance audit as indicated below. If the Document Custodian fails to comply with the quality control review and/or the compliance audit requirements, or refuses to remediate findings in a timely manner or to Fannie Mae’s satisfaction, Fannie Mae reserves the right to take corrective action which may include termination of the Document Custodian.

#### 3.5.1 Monthly Quality Control Reviews

The Document Custodian must perform a monthly quality control (QC) review of the prior month’s certification volume (not including recertification due to servicing transfer or custodial transfer) to ensure that all certification practices and controls are appropriately followed. The Document Custodian must perform a separate monthly QC review at each location where Required Documents are certified. Fannie Mae reserves the right to request additional QC testing, depending on individual circumstances.

The QC process:
- Will be conducted by a member of staff that does not participate in day-to-day certification activities;
- Must occur monthly; and,
- Will be performed against the Document Custodian’s existing documented procedures which should comply with Fannie Mae’s certification and custody practices.

The Document Custodian must submit the results of each monthly QC review to Fannie Mae on a monthly basis via email to custodian_Oversight@fanniemae.com. The subject line of the email should follow the naming convention: MonthYYYY_QC Results_Document Custodian Name. For example, September 2013_QC results Smith Trust Company.

**Determining Sample Size**

Rules for establishing the loan sample for the monthly QC review:
- The loan sample should be randomly selected and include a statistically valid distribution of products certified by the Document Custodian.
• Additional testing is required if:
  o The previous three months QC identified systemic errors or errors related to an individual certifier.
    ▪ The Document Custodian’s documented procedure for the QC process should include the rationale used to ensure the sample includes a representative number of Mortgage Loans certified by the individual certifier if the error rate was identified to be caused by an individual certifier.
  o The overall error rate exceeds 3% for three consecutive months.
• The Document Custodian’s documented procedure for the QC process should include the rationale used to determine the population for any additional testing necessary.

Document Custodians with monthly certifications of fewer than 100 Mortgage Loans must include 100% of Mortgage Loans certified in their QC sample. Document Custodians with monthly certifications of more than 100 Mortgage Loans are required to select a statistically valid sample size. Fannie Mae will use, as a guide, the following audit calculator to validate sample size populations: [http://www.raosoft.com/samplesize.html](http://www.raosoft.com/samplesize.html).

Fannie Mae considers a statistically valid sample size to fall within the following range:
  • 2.5% response distribution
  • 95% confidence level
  • 2% margin of error

**Documentation of QC results**

Monthly QC reviews must be documented and reported on Fannie Mae’s standard QC template and supplement to include:

• Total volume of Mortgage Loans certified for the month, including the number of Mortgage Loans for each product type
• Loan sample size, including the distribution of product type
• Identification of each error
• Error rates for:
  o Data errors
  o Document errors
  o Systemic errors
  o Individual certifiers

Upon completion of the monthly QC process, all findings must be properly documented and remediated. In addition, the Document Custodian must retain the following minimum documentation for each monthly QC review.

• List of errors or issues discovered by Fannie Mae loan number
• Loan sample list by Fannie Mae loan number (including product type and certifier)
• Remediation evidence for all issues identified, including evidence of approval/sign-off by the management staff of Document Custody

Document Custodians may request the QC template by sending an email request to: custodian_oversight@fanniemae.com.

**3.5.2 Independent Audits**

Document Custodians must retain an independent third party auditor to perform an annual compliance audit of the Document Custodian’s operations to assess if Fannie Mae’s eligibility and operational requirements are met. The
Document Custodian must submit a separate audit report covering each custodial site at which Fannie Mae documents are certified or held. Fannie Mae reserves the right to request additional audit testing, depending on individual circumstances. The Document Custodian is responsible for all costs associated with this audit.

The selected auditor must:

- Be an independent, third party, which provides general auditing services;
- Comply with generally accepted auditing standards (GAAS); and,
- Be knowledgeable of:
  - Mortgage industry practices, with an emphasis on loan delivery, custodial operations and servicing; and
  - Fannie Mae’s Requirements for Document Custodians.

The audit must be, at a minimum, an Agreed Upon Procedures (AUP) audit. However, Fannie Mae will also accept an SSAE 16 or Attestation audit provided it meets the audit requirements outlined in Section 19, Exhibit 3: Independent Audit Requirements.

The auditor should exercise judgment in adapting the audit requirements outlined in Section 19.1, Minimum Audit Requirements, to a specific Document Custodian’s processes and procedures. Upon receipt of the auditor’s final audit report, the Document Custodian must provide a copy to Fannie Mae. A sample report format has been provided in Section 19.2, Independent Audit Report Template. While use of this format is not specifically required by Fannie Mae, the final audit report must provide a detailed response to all items outlined in the Minimum Audit Requirements - Section 19.1. Should the final report not provide all relevant information, Fannie Mae reserves the right to request that the Document Custodian submit an audit report using the Fannie Mae report template in Section 19.2.

Audit reports should be sent to custodian_oversight@fanniemae.com. Fannie Mae will review the audit results and work with the Document Custodian to track remediation items through resolution. Further, the Document Custodian is responsible for providing proof that audit review results were remediated to Fannie Mae’s satisfaction.

NOTE: The scope of the audit loan sample review should only include Mortgage Loans that were certified by the Document Custodian over a 12-month period falling within 19 months of the Audit Due Date communicated to the Document Custodian. The Mortgage Loan sample should not include recertifications performed following servicing transfers.

4. The Custodial Agreement

The Document Custodian must have a Custodial Agreement that covers all Mortgage Loans it certifies and/or holds for Fannie Mae. The Document Custodian should check its records to ensure it has a Custodial Agreement in place with each Servicer for which it holds Mortgage Loans. If the Document Custodian does not have an executed Custodial Agreement, it must immediately contact the Servicer and obtain a signed Custodial Agreement and forward it to Fannie Mae for execution. If, after reasonable attempts, the Document Custodian is unable to obtain a signed Custodial Agreement, it must notify Fannie Mae via thirdparty_custody@fanniemae.com.

In the case of a concurrent sale, the Servicer must execute the Custodial Agreement. If there is a Subservicer, the Servicer is still the party that must execute the Custodial Agreement.

Upon receipt of the Servicer-signed Custodial Agreement, the Document Custodian must verify that the following information has been entered on the Custodial Agreement:

- The Document Custodian institution legal name;
- The Lender institution legal name;
- The effective date of the Agreement (must be completed on the cover page);
• The Servicer’s Fannie Mae Seller/Servicer number;
• The Servicer’s contact information (contact name, address, telephone number, fax number); and
• The Servicer point of contact original signature and printed name and title.

The Document Custodian must enter its full legal name, address, and 11-digit Financial Institution Number (FIN) on the original Custodial Agreement and sign it. By executing the Custodial Agreement, the Document Custodian certifies that it meets Fannie Mae’s standards for Document Custodians and agrees to review and hold Required Documents for Fannie Mae’s benefit.

The Custodial Agreement may be executed electronically via a Fannie Mae approved process (e.g., DocuSign). Alternatively, the Document Custodian must return the executed, original Custodial Agreement to Fannie Mae at the following address:

Custodian Oversight
Fannie Mae
13150 Worldgate Drive, Mail-Stop 5H-3W/SF
Herndon, VA 20170

After Fannie Mae counter signs the Custodial Agreement, Fannie Mae will send a copy of the fully executed Agreement to the Servicer and to the Document Custodian. Fannie Mae must have the fully executed, original Custodial Agreement in its possession and the Servicer and the Document Custodian must each have a copy of the fully executed Custodial Agreement in its possession before the Document Custodian may certify Mortgage Loans.

Any questions may be sent to the following e-mail address: thirdparty_custody@fanniemae.com.

5. Operating Standards

5.1 Document Certification Application

Document Certification is a Web-based application that Document Custodians must use to certify Mortgage Loans and transmit the certification status to Fannie Mae and the Seller. The Document Custodian’s procedures must incorporate periodic reviews of authorized user access to Fannie Mae’s Document Certification application. All administrative and provisioning rights must be held by the Document Custodian.

Information on the Document Certification application (registration forms, user manuals, technical support, etc.) is available on fanniemae.com.

5.2 Outsourcing or Off-Shoring

In the event a Document Custodian would like to outsource or offshore any of its functions and responsibilities, it must first obtain written approval from Fannie Mae at custodian_oversight@fanniemae.com

5.3 Change of Structure

The Document Custodian must notify Custody Services within Fannie Mae’s Operations Division at custodian_oversight@fanniemae.com, and the Servicer, at least 30 days before any substantial change in the Document Custodian’s ownership or administration (including any transfer, merger, consolidation, reorganization, name change, or address change).
5.4 MERS Contingency

The Document Custodian must proactively plan for circumstances in which the MERS system becomes inoperable. This must be included as part of the business continuity plan for critical functions. In such a situation, it is possible that Servicers would have to deregister each MERS loan and would need to prepare and forward to the Document Custodian an assignment to Fannie Mae that is unrecorded and in recordable form.

5.5 Commingling of Files

A third-party Document Custodian may commingle files for Mortgage Loans from different Fannie Mae MBS pools, and commingle Fannie Mae’s files for Mortgage Loans with files for non-Fannie Mae investors. Provided, however, that the Document Custodian must at all times be able to promptly reassemble the documentation for any and all specific Fannie Mae MBS pools, and to locate and retrieve files for Mortgage Loans. Further, the Document Custodian’s system must clearly identify the Mortgage Loans as Fannie Mae Mortgage Loans and track them by Servicer. In addition, Fannie Mae must have reasonable access to the Document Custodian system to identify and reassemble the documentation in the event the Document Custodian fails to do so.

A Seller or Servicer or affiliate of a Seller or Servicer that serves as a Document Custodian is required to segregate all Fannie Mae Mortgage Loan files from those of other investors. All Fannie Mae Mortgage Loan files should be segregated and clearly identified as Fannie Mae assets on or before the settlement/funding date.

6. Delivery and the Bailee Letter Process

When Fannie Mae purchases a Mortgage Loan, the Seller represents and warrants that title to the Mortgage Loan and note is free and clear of any security interest, lien, pledge, or other encumbrance, which means that any such interest held by a warehouse lender (or other third party) must be released no later than the date we acquire the Mortgage Loan and note. To ensure that this is always the case, our delivery procedures cover those instances in which the Document Custodian either receives with the mortgage delivery documents a Bailee letter notifying it about a warehouse lender’s security interest or is otherwise aware that a warehouse lender is claiming an interest (including a security interest) in the Mortgage Loans and notes being delivered.

Upon receipt and opening of a Mortgage Loan package containing a Bailee letter, the Document Custodian must immediately perform a loan inventory to validate that Documents for the Mortgage Loans listed on Loan List are in the loan package. In the event of a discrepancy, Document Custodian must immediately notify the Lender who is responsible for notifying the warehouse lender of any missing Documents.

If the Document Custodian either receives a Bailee letter with the delivery of Mortgage Loans and notes (or as a separate document that identifies the related notes with reasonable specificity) or has knowledge (from any other source) that a warehouse lender is claiming an interest in the Mortgage Loans and notes being delivered, it must comply with our verification process before it certifies the Mortgage Loans. Although Fannie Mae does not believe that Bailee letters create a bailment relationship unilaterally, this process ensures that payment instructions in the Bailee letter conform to wire instructions given to Fannie Mae by the Seller.

When a Document Custodian receives a Bailee letter or other notification of a third-party’s interest in Mortgage Loans, the Document Custodian shall follow the processes set forth below. Note that the processing of Bailee letters differs based on whether the Mortgage Loans are being certified by a Document Custodian operating under (1) a Form 2003 or Form 2010 Master Custodial Agreement or (2) a Form 2017 Master Custodial Agreement.

6.1 Bailee letter Process Under Form 2003 and 2010

The verification process ensures that the mortgage Seller’s wiring instructions match any instructions of a warehouse lender or other party included in a Bailee letter (or separate document) that accompanies the Mortgage Loans and notes when they are delivered to the Document Custodian. For any Mortgage Loans delivered with a
Bailee letter, the Document Custodian must ensure that the Bailee letter (or an electronic version of the Bailee letter) is retained for at least two years following certification and can be tied to the specific Mortgage Loan during that retention period. Because the Document Custodian has no knowledge of when Fannie Mae actually purchases or securitizes these Mortgage Loans, it is critical that the Document Custodian have a process to tie a certified Mortgage Loan back to the applicable Bailee letter. The Document Custodian must follow this verification process:

- The Document Custodian must email a copy of the Bailee letter and Schedule of Mortgages to the Fannie Mae Custodian Oversight and Monitoring office at third_party_bailee@fanniemae.com or other email address as directed by Fannie Mae. If there is no Bailee letter, but the Document Custodian is aware that a warehouse lender has an interest in certain Mortgage Loans and notes, the Document Custodian must notify us about the encumbrance by emailing an explanatory letter (in lieu of emailing a Bailee letter) that identifies the applicable Mortgage Loans and notes to the Fannie Mae Custodian Oversight and Monitoring office.
- The Document Custodian must include the following information in the email: the name, telephone number, and e-mail address of an authorized representative to contact to discuss the delivery transmission.
- Fannie Mae must receive the Document Custodian’s email before 2:00 PM (Eastern Time) for one-day funding for an As Soon As Pooled or As Soon as Pooled Sale settlement or for Flash MBS processing.

Fannie Mae, upon receipt of the emailed Bailee letter, will compare the instructions for delivery of the transaction proceeds in the Bailee letter to those that the mortgage Seller provided on its Delivery Schedule (Form 2014) or Loan Schedule (Form 1068 or 1069).

- If the Delivery Instructions Do Not Match, Fannie Mae will contact the Document Custodian to resolve the discrepancy, which will mean that either the mortgage Seller or the warehouse lender must change its instructions. The mortgage Seller may submit a change to its instructions through Loan Delivery. If it is the warehouse lender that changes delivery instructions, the warehouse lender must submit a Release of Interest in Mortgages (Form 2004A) to us at: Fannie Mae; Fannie Mae Custodian Oversight and Monitoring office; Mail Stop 5H-3W-SF; 13150 Worldgate Drive; Herndon, VA 20170. Our Fannie Mae Custodian Oversight and Monitoring office will accept electronic delivery of a PDF of Form 2004A to certification_sf@fanniemae.com, third_party_bailee@fanniemae.com, or other email address as directed by Fannie Mae.

- If the Delivery Instructions Match, (or an initial mismatch is subsequently resolved), Fannie Mae will send an e-mail message to the Document Custodian’s authorized representative to indicate that the Document Custodian can complete its certification. Once we confirm a match of delivery instructions, we will not permit any changes to those delivery instructions, unless the warehouse lender provides its written consent to the change by sending us a Release of Interest in Mortgages (Form 2004A).

When the Document Custodian needs to return one or more Mortgage Loans and note for any reason (e.g., the Mortgage Loans and note cannot be certified because of errors in their execution), it must return the documents to the warehouse lender, rather than to the Seller.

**6.2 Bailee letter Process Under Form 2017**

Whenever a Bailee letter and/or Form 2004A is delivered with the Documents, the Bailee letter and/or Form 2004A must clearly identify the specific Mortgage Loans related to that Bailee letter and/or Form 2004A either in the Bailee letter and/or Form 2004A or in an exhibit in a form acceptable to the Document Custodian (the “Loan List”). Upon receipt and opening of a Mortgage Loan package containing a bailee letter, the Custodian must immediately perform a loan inventory to validate that Documents for the loans listed on Loan List are in the loan package. In the event of a discrepancy, Custodian must immediately notify the Lender who is responsible for notifying the warehouse lender of any missing Documents.
For any Mortgage Loans delivered with a Bailee letter and/or Form 2004A, the Document Custodian must ensure that the Bailee letter and Loan List and/or Form 2004A (or electronic versions of them) are retained for at least two years following certification and can be tied to the specific Mortgage Loan during that retention period. Because the Document Custodian has no knowledge of when Fannie Mae actually purchases or securitizes these Mortgage Loans, it is critical that the Document Custodian have a process to tie a certified Mortgage Loan back to the applicable Bailee letter and/or Form 2004A.

The Bailee letter must reflect the warehouse lender name in either the top right hand corner of the Bailee letter or as a part of the Bailee letterhead (the “Bailee Letter Name”). The Form 2004A, if delivered to indicate a Disbursement Agent relationship, must reflect the Disbursement Agent’s name in the body of the form (the “2004A Name”). For each loan delivered with a Bailee letter and/or a Form 2004A, during certification, the Document Custodian must validate the Bailee Letter Name or the 2004A Name as applicable against the Loan Data for each loan on the Loan List.

During certification, in the event of a discrepancy with the Bailee Letter Name or 2004A Name, the Document Custodian must flag this discrepancy as a document exception(s) that cannot be certified to Fannie Mae.

- **If the Bailee Letter Name or 2004A Name Do Not Match the Loan Data**, the Custodian will treat as a document discrepancy and contact the Seller to resolve the discrepancy. If the Seller and warehouse lender determine that the data in the bailee letter or Form 2004A is incorrect, the Seller shall work with the warehouse lender to submit a corrected bailee letter or Form 2004A, as applicable, to the Custodian. If the Seller determines that the bailee letter name or Form 2004A name in the delivery data is incorrect, it must submit a request to its Fannie Mae Acquisitions Analyst to reject the delivery data and then obtain approval from its Fannie Mae Acquisitions Analyst to resubmit corrected Loan Data for certification.

- **If the Bailee Letter Name or 2004A Name Match the Loan Data the Delivery Instructions Match**, (or an initial mismatch is subsequently resolved), the Custodian will complete its certification provided no other data or document discrepancies are identified. In the event that the bailee letter needs to be voided, the seller must submit a Form 2004A to the custodian reflecting the warehouse lender’s release of interest.

### 6.3 Trust Receipts

When Fannie Mae purchases or securitizes a mortgage, the Seller represents and warrants that title to the mortgage note is free and clear of any security interest, lien, pledge, or other encumbrance, which means that any such interest held by a third party must be released no later than the date Fannie Mae acquires the note. To assure that this is always the case, Fannie Mae is clarifying its Bailee requirements for circumstances in which the Document Custodian is either:

- aware of the Seller’s issuance of a trust receipt (or other type of pledge documentation); or
- directly or indirectly involved in the issuance of a trust receipt (or other type of pledge documentation) to a funding facility, credit facility, or lending line in which the Seller has pledged the mortgage note prior to its sale to Fannie Mae.

In such cases, the Document Custodian must work with the Seller to ensure that the security interest has been released either prior to settlement in the case of an MBS loan or prior to certification in the case of a whole loan delivery. If a Seller wants to take advantage of one of Fannie Mae’s early funding options, it must make sure that the Document Custodian is aware of the applicable funding date.

The Document Custodian must have policies and procedures in place to capture the release date and must provide such documentation upon request. In addition, the processes must be testable by Fannie Mae.
This clarification to Fannie Mae’s Bailee requirements does not affect or alter any other duty the Document Custodian has to Fannie Mae under its current Bailee requirements.

7. **Custody Documents**

7.1 **Documents Required by Fannie Mae**

Fannie Mae specifies the Required Documents that the Document Custodian must retain in custody for the Mortgage Loans. The Document Custodian is required to hold only the following documents:

- The original mortgage (or deed of trust) note, or a Lost Note Affidavit (See Section 8.1). If the Mortgage Loan is being delivered for certification without the original note (e.g., not a recertification), Document Custodian must verify there is a single loan waiver, which must be retained with the loan file. (See Section 9.1 for additional instructions regarding Special Feature Code 159).
- Originals of any instruments that modify the terms and conditions of the note – such as a modification agreement, or an ARM rider, etc. To expedite the certification process, the Document Custodian may accept from the Lender a copy of any such instrument that has been submitted for recordation.
- The security instrument, which is not typically required, is required ONLY if the security instrument includes the promise to repay the principal amount borrowed and sets forth all other terms of the note. The Seller is responsible for sending the original recorded security instrument to the Document Custodian as soon as it is received back from the recorder’s office. (Generally, this will only happen in the case of a Mortgage Loan Modification, or with refinance documents.)
- A copy of the notarized power of attorney (someone signing the note for the borrower, but who is not the borrower), if applicable. The name(s) on the power of attorney must match the name(s) on the note and must be dated such that it was valid at the time the note was executed. The power of attorney must be notarized.
- A copy of any name affidavit, if applicable.
- The original of an unrecorded assignment of the mortgage to Fannie Mae, in recordable form, unless the mortgage is registered in the Mortgage Electronic Registration System (MERS®), in which case, no assignment of the mortgage to Fannie Mae is required.
- Any special documentation that Fannie Mae specifies for a particular type of mortgage. The following are some examples:
  - For a refinance mortgage that represents the refinancing of a balloon mortgage, Fannie Mae permits the Seller to document the transaction by (1) the execution of a new fixed-rate note and the execution and recordation of a new mortgage (or deed of trust); (2) the execution of a new fixed-rate note and the execution and recordation of a modification agreement that modifies the existing balloon mortgage (or deed of trust); or (3) the execution and recordation of a Balloon Loan Refinancing Instrument (Form 3269), which combines into a single document a new fixed-rate note and a modification of the existing balloon mortgage (or deed of trust). A fourth alternative, the Consolidation, Extension, and Modification Agreement (Form 3172) (for use in New York) or equivalent form, may be used where county and/or state law permits. **NOTE:** If a new note is executed, the Document Custodian must receive the original of the new note.
  - A copy of the Loan Note Guarantee (Form 1980-17) for Rural Housing Program loans.
  - An executed Loan Participation Certificate (Form 638) or an equivalent document, if the Seller is including only participation interests in mortgages in the MBS pool.
- For Mortgage Loans governed by Form 2003 or 2010 Master Custodial Agreement, a printout, or an electronic version, of the Schedule of Mortgages (Form 2005) that the Seller electronically transmitted to the Document Custodian.
7.2 Documents Not Required by Fannie Mae

The Document Custodian is neither required to hold, nor prohibited from holding, other documents in custody for the Servicer. Certain documents such as security instruments that do not include the promise to repay the principal amount borrowed and other terms of a standard note, but are exclusively for securing the collateral property, intervening assignments, title policies, insurance or guaranty certificates (except as outlined above), are not Required Documents. However, there may be other programs or product lines that may require other documents. If so, the Document Custodian will be notified, in writing, by Fannie Mae.

The Servicer and Document Custodian must decide on the Document Custodian’s responsibilities with respect to any additional documents that the Servicer determines it wants the Document Custodian to hold on its behalf. These responsibilities and the additional required documentation that the Document Custodian is to hold and, if applicable, to review for the Servicer must be clearly set out in a written agreement. The written agreement does not affect the Servicer’s responsibility to produce these documents if required by Fannie Mae. (The agreement should not be sent to Fannie Mae.)

Any review that the Document Custodian performs for additional documents it holds for the Servicer and any action required with respect to those documents are matters between the Servicer and the Document Custodian. The Document Custodian is required to perform its duties for Fannie Mae irrespective of any other responsibilities it has for the Servicer in relation to the additional documents.

7.3 Electronic Document Retention

Because state and federal law now recognize electronic images that meet certain standards as being equivalent to paper documents for legal purposes, Document Custodians may store certain documents electronically (i.e., documents that are NOT those that Fannie Mae requires to be kept in their original paper form – see Sections 7.1 and 8.1 for a list of documents that must be kept in their original paper form). The Document Custodian must be able to retrieve the document(s) upon request and be able to generate a legible paper form of the document(s). The Document Custodian also must retain documentation that explains the process used to convert paper-based documents to electronic formats and specifies the date of conversion, the method of conversion, and the disposition of the original paper documents.

Documents the Document Custodian maintains in electronic form must be held in secure facilities with appropriate back-up to guard against loss due to physical damage, power failure, or physical or electronic contamination. The Document Custodian must implement commercially reasonable measures meeting or exceeding industry standards to ensure the security, integrity, and confidentiality of Confidential Information. In addition, the Document Custodian must maintain equipment or systems with capability to read, store, copy, reproduce, or otherwise access loan documents held on behalf of Fannie Mae. Fannie Mae also has the right pursuant to the Custodial Agreement to use the Document Custodian’s technology to access any Fannie Mae documents on the Document Custodian’s systems as it determines is necessary or convenient in connection with its capacity.

Document Custodians are required to retain electronic documents for 4 years after a loan and/or pool has been paid in full. See section 8.7 ‘Electronic Records’ for additional information.

8. Document Review and Certification

The Document Custodian must review and examine all documents and Loan Data that the Seller delivers to ensure that all Required Documents are received and that they conform to the data and documentation provisions of the RDC. The Document Custodian must review the individual Required Documents to ensure that they conform to the requirements set forth in this section. From that point forward, the Document Custodian must exercise control over all Required Documents that are retained in its custody on behalf of Fannie Mae. If the Document Custodian
discovers errors as part of the certification process prior to Fannie Mae’s purchase of the Mortgage Loans, the Document Custodian must work with the Seller to resolve the issues.

When the Seller creates an MBS pool under the Form 2003 or 2010 Master Custodial Agreement, Seller sends the Mortgage Loan documents required for certification to the Document Custodian for certification and custody. The Loan Data is transmitted electronically, via Loan Delivery, to Fannie Mae and the Document Custodian. The Document Custodian accesses the data through the Document Certification application. (The Seller must also transmit electronically to the Document Custodian, via Loan Delivery (formerly via MCCS), any subsequent corrections to the Schedule of Mortgages (Form 2005).) The Seller must transmit the mortgage pool data to the Document Custodian in Fannie Mae’s standard file format (i.e., XML file) so the Document Custodian can import the data into its internal processing system. For each individual mortgage listed on the Schedule of Mortgages (Form 2005), the Document Custodian must verify that all the Mortgage Loan documents required for certification are present. The Document Custodian must also verify that the data required for certification on the Schedule of Mortgages (Form 2005) matches the corresponding data on the documents it receives. (NOTE: some values must be calculated and validated against submitted values.)

8.1 Mortgage (or Deed of Trust) Note

The Document Custodian must receive the original mortgage (or deed of trust) note for each Mortgage Loan in the Loan Data. If the original note is missing and the Seller has exhausted all reasonable means of obtaining the original note or an original duplicate note, Fannie Mae may authorize the Seller to substitute a Lost Note Affidavit, or similar substitute documentation for a missing note. The Document Custodian’s review of each note must determine that:

- The document is an “original” that has been signed by all of the borrowers.

  NOTE: Fannie Mae requires that borrowers be natural persons. The Fannie Mae Selling Guide provides certain exceptions to the requirement that borrowers be natural persons, including one for inter vivos revocable trusts. In the case of an inter vivos revocable trust, see Section 8.1.1.

- If the note contains Spanish language, the note must be for property located in Puerto Rico and the note must be on the Fannie Mae approved Form 3253, which contains both English and Spanish.

- All blanks have been filled in or crossed out, as applicable. Any “white outs” or changes to the document or to the information inserted in the blanks have been initialed by the borrower(s).

  o If the borrower(s) did not initial changes that materially affect the terms of the note (e.g., changes to the original Mortgage Loan amount, interest rate, monthly payment, or maturity date, or deletion of one of the mortgage covenants) the document is not acceptable.

  o If the borrower(s) did not initial changes that do not materially affect the terms of the note (e.g., corrections to the property street address, city, state, and/or ZIP code) the document will still be acceptable.

  NOTE: If the delivery involves a seasoned mortgage (i.e., at least 12 months of payments have been made) and the borrower(s) did not initial material changes to the document, the Seller should make a reasonable effort to obtain their initials. However, if that is not possible, the Seller must give the Document Custodian a letter explaining why the borrower(s)’ initials were not obtained, which the Document Custodian must retain as a Required Document in the loan file.

- The note has been signed by the borrower(s) and the signature(s) do(es) not contradict the name(s) typed below the signature line(s). If the signature(s) varies from the typed name(s), the degree of variance determines whether the document is acceptable for certification.
○ Slight variations (e.g., a missing middle initial or the omission of “Jr.” or “Sr.”) are acceptable. Other acceptable variations include a borrower’s over- or under-signing of the document (e.g., the borrower signing as William Thomas Smith when the typed name is William T. Smith or vice versa).
○ Significant variations (e.g., William Smith signing the document as “Skip” Smith, signing with an “X,” or signing under an also known as (AKA) name) generally are not acceptable. However, if the Seller provides a copy of the name affidavit that it obtained from the borrower, the Document Custodian may certify the adequacy of the documentation. (The Document Custodian must maintain the name affidavit in the file.)

- A copy of the notarized power of attorney is included, if the attorney-in-fact executed the note on a borrower’s behalf. The name(s) on the power of attorney must match the name(s) on the note and must be dated such that it was valid at the time the note was executed. The power of attorney must be notarized.

- The note contains a property address that includes the house number, street name, city, state and zip code, and if the subject property is a condo or other property type that is identified by a unit number, the unit number must be included in the property address on the note. With respect to loans on properties located in Puerto Rico, however, the property address does not need to include the house number and street name.

- In the case of a lost note affidavit (LNA), that the LNA is executed by the Seller, that the document is complete (i.e., the Document Custodian is not responsible for verifying whether a specific LNA form has been used), that a copy of the note is attached, and that the data elements on the note copy match the data submitted. This includes verifying that the LNA has been notarized. Also, if an initial certification, a single loan waiver must be present.

- Originals of any instruments that modify the terms and conditions of the note – such as the original Modification Agreement (Form 3179), or original riders and addendums etc. To expedite the initial certification process, the Document Custodian may accept a copy of any such instrument that has been submitted for recordation. When a copy is included, the Seller must send the Document Custodian the original recorded document as soon as it is received from the recorder’s office.

Endorsements:
- The note is endorsed in blank, without recourse, and there is no break in the chain of endorsements (ending to blank), in the format shown below. (A blank space should appear on the line between “Pay (or Payable) to the order of” and “Without Recourse.” Insertion of a visible line is preferred but is not necessary.) “Payable to” language does not have to be exactly as shown as long as the same message is conveyed. Lender’s (Seller’s) Name, Name of Authorized Signer, and Title of Authorized signer must either be typed or legibly written. An example of an ‘in blank’ endorsement follows:

  PAY (OR PAYABLE) TO THE ORDER OF

  WITHOUT RECOUSE
  LENDER’S NAME
  (Authorized Signature)
  NAME OF AUTHORIZED SIGNER
  TITLE OF AUTHORIZED SIGNER

  The endorsement generally must appear on the note; however an allonge may be used for the endorsement as long as the form and content of the allonge used complies with all applicable state, local or federal laws governing the use of allonges and results in a valid and enforceable endorsement to the note. The allonge must be permanently affixed to the related note and clearly identify the note by referencing at least the amount of the note, combined with either the name of the borrower(s), or the address of the security property. Any subsequent endorsements should, but are not required, to be placed on the allonge.
If an unsigned endorsement has been crossed through, the Document Custodian does not need to have the Servicer initial the change.

All intervening endorsements must:
- Contain “without recourse” language
- Be in the above format (or substantially the same format)
- Indicate the printed name and title of the person executing the endorsement
- Contain the authorized signatures of the prior note-holders
- Contain a completed assignee or “Pay (or Payable) To The Order Of” section

In some cases, certification of intervening endorsements is allowable if there is a missing identifier (i.e., name or title). Please contact the COM team for assistance via custodian_oversight@fanniemae.com.

The signature on the last endorsement (to blank) to the note generally must be an original signature. Fannie Mae may permit facsimile endorsements of notes if the endorsing entity provides a corporate resolution authorizing facsimile signatures. In this case, the Document Custodian should obtain from the endorsing entity a copy of the endorsing entity’s corporate resolution, which must specify the names and/or titles of the individuals whose facsimile signatures are valid. If the endorsing entity’s policy delegates facsimile signature authority by title, a list of the titles with the authority is acceptable. The endorsement then must be verified to be in compliance with the corporate resolution.

The mortgage seller may not delegate to an attorney-in-fact its authority to execute an endorsement. The endorsement may not be executed by a party using a power of attorney.

### 8.1.1 Inter Vivos Revocable Trust Requirements

An inter vivos revocable trust (or living trust) is a trust that an individual creates during his or her lifetime that becomes effective during his or her lifetime, but which can be changed or canceled at any time for any reason during its creator’s lifetime.

**Signature Requirements:** Each individual establishing an inter vivos revocable trust whose income and assets are used to qualify for the mortgage must execute the mortgage note and any necessary addendum. In some instances, the note may also be signed by the trust. If a trust signs, the trustee signature may be on a non-recourse basis (i.e., without incurring direct liability under the Note). The Document Custodian does not have to determine whether the trustee is permitted to sign Note on a recourse or non-recourse basis.

When a Document Custodian reviews the Note for a Mortgage Loan to an inter vivos revocable trust, the Document Custodian must verify (in addition to compliance with the signature requirements outlined in Section 8.1) compliance with the following requirements:

- At least one person must execute the note in an individual capacity
- And if a trust is listed as a signatory to the Note, the Document Custodian must verify the following:
  1. At least one trustee signature appears on the note;
  2. Trustee(s) signature must be on the note itself (or a clearly identified signature addendum); and
  3. Trustee(s) signature must identify the related trust and the date of the trust.

If a signature indicates a specific capacity (e.g., individually and/or as trustee), such capacity must be consistent with the capacity set forth in the typed signature block.

**EXAMPLES:**

**Example 1: One signature presented – acceptable format**

Signature:  
William Smith
Example 2: Two signatures presented – acceptable format

**Signature:** William Smith

**Typed Name:** William Smith

And:

**Signature:** William Smith -OR- William Smith, Trustee

**Typed Name:** William Smith, as Trustee for the Smith Family Trust under trust instrument dated mo/day/year

William Smith, as Trustee for the Smith Family Trust under trust instrument dated mo/day/year

### 8.2 Assignment of Mortgage

A Seller must deliver an assignment of the mortgage to Fannie Mae unless the mortgage is registered with Mortgage Electronic Registration System (MERS®). A mortgage is registered with MERS when the Seller either names MERS as the nominee for the beneficiary in the security instrument (thus making MERS the mortgagee of record) or the Lender records an assignment of the mortgage to MERS.

#### 8.2.1 Requirements for MERS-registered mortgage

A MERS-registered mortgage can be identified by the 18-digit Mortgage Identification Number (MIN).

For each mortgage that is registered with MERS:

- The Document Custodian must verify that an 18-digit MIN was transmitted in the Loan Data. The Document Custodian is not required to verify the accuracy of the 18 digits.
- The Document Custodian must confirm, if the MIN appears on the note itself, that it is 18 numerical characters in length.
- The Document Custodian must ensure that the MIN is stored in its document tracking system.

When a Seller does not either report a MIN or provide an assignment for a particular mortgage, the Document Custodian must verify with the Seller whether the mortgage is actually registered with MERS.

- If it is, the Seller must send that information (including the MIN) to Fannie Mae as an MBS correction, via the Document Certification application.
- If the mortgage is not registered with MERS, the Document Custodian cannot certify the loan until the Seller sends to the Document Custodian the missing unrecorded assignment to Fannie Mae.

#### 8.2.2 Requirements for Assignments of Mortgage to Fannie Mae

For mortgages not registered with MERS, Fannie Mae requires an assignment to Fannie Mae from the Servicer in all jurisdictions with the exception of Puerto Rico. The Servicer is responsible for including all required information in the assignment.

The Document Custodian must review the individual assignment to determine that:

- The document is an “original.” Fannie Mae does not permit facsimile signatures on assignments. However, if the Document Custodian receives and maintains a copy of a legal opinion, prepared by the Seller/Servicer’s attorney(s), stating facsimile signatures are valid on assignments in all of the jurisdictions in which the
The Assignment is in recordable form, but is not recorded. (Recordable form is generally whatever form the local recorder’s office requires and virtually all require that the form be notarized.) Fannie Mae has several assignment forms that satisfy the various recordation requirements – two multistate assignment forms for mortgages, two multistate assignment forms for deeds of trust, and two state-specific assignment forms (one for Georgia and one for Louisiana). Seller/Servicers do not have to use these forms. If the Seller/Servicer uses a form other than a Fannie Mae form, it is the Seller/Servicer’s responsibility to ensure the form meets the local recorder’s office requirements.

- If a Seller/Servicer chooses to use Fannie Mae’s standard assignment forms, the Document Custodian should verify the following:

  1. Multistate/1 (Form 3741) is used to assign a mortgage in the following states or jurisdictions, if the recording jurisdiction requires inclusion of the property’s legal description in the assignment (but does not require inclusion of the maturity date of the mortgage): Alabama, Arkansas, Connecticut, Delaware, Guam, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Vermont, Virgin Islands, Wisconsin, and Wyoming.
  2. To assign a mortgage when the recording jurisdiction requires inclusion of the maturity date of the mortgage in the assignment (but does not require inclusion of the property’s legal description), Multistate/2 (Form 3742) must be used.
  3. Multistate/3 (Form 3743) is used to assign a deed of trust in the following states or jurisdictions, if the recording jurisdiction requires inclusion of the property’s legal description in the assignment: Alaska, Arizona, California, Colorado, District of Columbia, Idaho, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, Oregon, Tennessee, Texas, Utah, Virginia, Washington, and West Virginia.
  4. To assign a deed of trust when the recording jurisdiction does not require inclusion of the property’s legal description in the assignment, Multistate/4 (Form 3744) can be used.
  5. The Georgia Assignment of Security Deed (Form 3745) is used only for security properties located in Georgia since that is the only state that uses a security deed.
  6. The Louisiana Notarial Endorsement and Assignment of Mortgage Note (Form 3746) and Mortgage is used only for security properties located in Louisiana since that is the only state that requires both the security instrument and the note to be assigned.

If a Servicer chooses not to use a Fannie Mae standard assignment form, the mortgage assignments that it prepares must show the assignee as Fannie Mae, and must not include a recitation that the assignment of the mortgage or lien is “without recourse.” The assignment must be prepared in recordable form, but it should not be recorded. In general, recordable form is whatever form the local recorder’s office requires. If state law does not specifically address the information required for recordation, the Servicer should include the following information in the assignment: (1) the date of execution, (2) the Servicer’s name, (3) the borrower’s name, (4) a legal description of the property, (5) recording information related to the mortgage—such as the deed book and page number or the instrument number, (6) the original mortgage amount, (7) the date of the mortgage, (8) an authorized signature, and (9) an appropriate notarization, if one is required by state law. If a jurisdiction requires that the assignee’s address be shown in the mortgage assignment, the Servicer should use this address – Fannie Mae; Mail Drawer: Assignments; 3900 Wisconsin Avenue, NW; Washington, DC 20016.

The Document Custodian is responsible for verifying the information contained in the assignment, and should have sufficient information to be able to determine that the assignment ties back to the note. Since Fannie Mae will rely on the Seller/Servicer’s warranty and authorization to insert missing information should the assignment need to be recorded at a later date, information related to recordation of the mortgage may be missing from the mortgage assignment if the local recorder’s office has not returned the recorded mortgage (or deed of trust). If the mortgage
(or deed of trust) is not delivered to the Document Custodian, the original mortgage amount on the assignment must be certified against the amount on the note (or against new monies added with a loan modification). The date of the mortgage may differ from the date of the note and must be present, but the Document Custodian is not responsible for certifying its accuracy unless the mortgage (or deed of trust) is present. If a legal description of the property is not available, the Document Custodian may accept the property address

- The assignment shows either Fannie Mae or the Federal National Mortgage Association as the assignee and does NOT contain a recitation that the assignment of the mortgage or lien is “without recourse,” and, the following was used: Fannie Mae; Mail Drawer: Assignments; 3900 Wisconsin Avenue, NW; Washington, DC 20016.

- The assignment is dated, reflects the Servicer’s name, is executed by the Servicer’s authorized signer, and is notarized (if required under state law). Fannie Mae permits facsimile or other electronic signature on the endorsement, in those jurisdictions for which the Servicer has determined that such signatures are valid and enforceable. To verify that the Servicer can use such signatures for assignments in specific jurisdictions, the Document Custodian should obtain from the Servicer a copy of the applicable legal opinion(s) prepared by the Servicer’s attorney(s).

- The assignment is from the mortgage Seller to Fannie Mae if the Seller is continuing as Servicer. If the mortgage Seller and the mortgage Servicer are not the same entity, such as in a concurrent transfer, we require an assignment from the Servicer to Fannie Mae (or MERS). The Servicer is responsible for obtaining an assignment from the Seller to Servicer, recording that assignment, and maintaining any intervening assignments.

- If the mortgage Seller is an affiliate of the originating lender or an investment banker acting as a conduit, and the originating lender will be servicing the mortgage, the assignment may be from the originating lender to Fannie Mae.

- The date the assignment was executed is not earlier than the date of the note and mortgage.

Assignments of mortgages are not recordable in Puerto Rico. Therefore, since the originating lender remains the mortgagee of record, the unrecorded assignment of the mortgage to Fannie Mae must run from the originator of the mortgage to Fannie Mae. If the Seller is not the originator, the Seller must make every effort to get the originator to execute an assignment of the mortgage to Fannie Mae (or, at least, to execute a blanket assignment that covers the mortgage). If the Seller is unable to obtain an assignment from the originator for any reason, it (or the Servicer, if the Seller will not be servicing the mortgage) must execute an individual unrecorded assignment of the mortgage to Fannie Mae. No intervening assignments need to be prepared, recorded, or retained in the individual mortgage file. However, the recordation of deeds of assignment is permitted in connection with direct mortgages (which are mortgages that are documented by a single instrument that combines the terms of the note and the terms of the mortgage). If the mortgage is a direct mortgage, we require the Servicer to execute an assignment of the mortgage to Fannie Mae (which must be in recordable form, but unrecorded). In this case, the individual Servicer’s mortgage file must include a complete, unbroken chain of public deeds of assignment for the mortgage that evidence the transfer of title beginning with the originating lender and ending with the Servicer.

### 8.3 Consolidated Mortgages

The Document Custodian must confirm receipt of the following documents:

- The original Consolidated Note (evidencing the combined indebtedness under the prior notes and the gap Note), endorsed in blank. When certifying the Consolidated Note, follow the certification requirements for the Mortgage Note.
● The recorded Consolidation, Extension and Modification Agreement or CEMA (Form 3172), or an equivalent Fannie Mae-approved form, including Exhibits A, B, C, D, and any attachments, following the certification requirements for the Mortgage Note. The CEMA must be signed by all of the borrowers. All persons signing the Consolidated Note must sign the CEMA as well. For additional information, see sections 7.1, Documents Required by Fannie Mae, and 8.1, Mortgage (or Deed of Trust) Note, of this document. If the recorder’s office has not returned the recorded CEMA or equivalent form, the Document Custodian may accept a copy of the document.

● An assignment to Fannie Mae (unrecorded, but in recordable form) that assigns all of the mortgages listed in the Consolidation, Extension, and Modification Agreement (or in Schedule A to it), or an equivalent form, and the new mortgage (if applicable), as they are consolidated by the CEMA – unless the new mortgage is registered in MERS, in which case no assignment is required.

8.4 Cooperative Share Loans

A Lender must be specially approved to sell Fannie Mae co-op share loans. This special approval must be documented by an addendum to the Mortgage Selling and Servicing Contract between Fannie Mae and the Lender however, the Document Custodian is not responsible for validating that the Lender has received such approval for certification purposes. When a Lender delivers a co-operative share loan, it must deliver the loan (1) with a Project Code type 1 or 2 if the loan is governed by Form 2003 or 2010 Custodial Agreement, or (2) indicate the loan is a co-operative share loan in the Loan Data if governed by Form 2017 Custodial Agreement. When a Document Custodian receives a co-operative share loan, for certification purposes, the Document Custodian must:

1. Validate the original mortgage note evidencing the indebtedness, bearing an endorsement in blank, without recourse.
2. Validate the receipt of the required custodial delivery documents as specified for the applicable appropriate state or the District of Columbia as specified requirements on www.fanniemae.com.
3. Review the accuracy of the required custodial delivery documents for the applicable state or the District of Columbia in accordance with the certification requirements set forth below.

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<thead>
<tr>
<th>Document to be Certified</th>
<th>Certification Requirements</th>
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| Original or Copy of UCC-1 Financing Statement | • Must be original or copy and bear the filing stamp of the recorder’s office  
• Document must relate back to note (i.e. borrower(s) name and/or property address) |
| UCC-3 Financing Statement Amendment | • Must be original  
• Must list Lender as assignor  
• Must list Fannie Mae assignee  
• Must relate back to the note (i.e. borrower(s) name and/or property address) |
| Original Stock (Share) Certificate or other contractual agreement evidencing ownership | • Must be original  
• Must be executed by Cooperative  
• Must relate back to the Note (i.e. borrower(s) name and/or property address) |
| Original Recognition Agreement | • Must be original  
• Must be executed by the Lender, Cooperative cooperation and sometimes the borrower(s)  
• Must relate back to the Note (i.e. borrower(s) name and/or property address) |
| Original Assignment of the Recognition Agreement (to the Lender and/or the intervening title holder, if applicable) | • Must be original  
• When the originator assigns the cooperative share loan directly to the Lender: |
### Special Documents for Refinanced Balloon Mortgages

The Document Custodian’s review of a new refinance mortgage that represents the refinancing of a balloon mortgage will vary depending on which documentation option the originating lender selected. For options other than Refinanced Balloon Mortgages, follow the standard certification procedures for those options. For Refinanced Balloon Mortgages, the following steps must be completed:

- If the originating lender had the borrower execute a Balloon Loan Refinancing Instrument (Form 3269), the Document Custodian will not receive an individual note, but will instead receive this document, which combines a new fixed-rate note and a modification of the existing balloon mortgage (or deed of trust) into a single document. If the security property is not located in one of the states for which Fannie Mae has developed a state-specific version of this alternative documentation – Arizona, Arkansas, California, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Missouri, Montana, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Wisconsin, or Wyoming – and the originating lender nevertheless includes a state-specific document that it has developed, the Document Custodian must ask the Seller to confirm, in writing, that it received Fannie Mae’s approval of this alternative document. The Document Custodian should retain the confirmation in hard copy or electronic format with the Mortgage Loan documents in the Master Pool File. For a mortgage closed before 10/01/99, the Document Custodian may also accept the Fannie Mae Multistate Balloon Loan Refinancing Instrument (Form 3269) when the security property is located in a jurisdiction other than one for which we developed a state-specific version.
specific version of the document. (A lender-developed multistate version of this document is not acceptable under any circumstances, and the Fannie Mae multistate document cannot be used for a mortgage closed on or after 10/01/99.)

- The Document Custodian must confirm that the originating lender’s acceptance of a state-specific version of the Balloon Loan Refinancing Instrument (Form 3269) is acknowledged on the last page of the form (in the space marked “Accepted by Lender”), if such acknowledgment is required for the document to be recordable in a specific jurisdiction. When the original recorded document is included with the initial documentation, the Document Custodian must verify that it is endorsed “in blank” and that the chain of title is complete. In lieu of the original document, the Document Custodian may accept a certified copy of the document that was submitted for recordation. However, the Document Custodian must establish follow-up procedures to ensure that it eventually receives the original document for retention and must confirm the endorsement at that time.

Instead of executing and recording a Balloon Loan Refinancing Instrument (Form 3269), Fannie Mae permits Lenders to document the refinancing of a balloon mortgage by (1) the execution of a new fixed-rate note and the execution and recordation of a new mortgage (deed of trust); (2) the execution of a new fixed-rate note and the execution and recordation of a modification agreement that modifies the existing balloon mortgage (or deed of trust); or (3) the use of a Consolidation, Extension, and Modification Agreement (Form 3172) (for use in New York) or equivalent form, where county and/or state law permits. NOTE: If a new note is executed, the Document Custodian must receive the original of the new note. (See Section 7.1 for Required Documents).

8.6 Mortgage Loan Participation Certificate

For Mortgage Loans governed by Form 2003 or 2010 Custodial Agreements, an entry other than 100% for “Participation Percent” for mortgages listed on the Schedule of Mortgages (Form 2005) is an indication that the MBS pool consists of participation interests in mortgages, in which case two originals of the executed Loan Participation Certificate must be sent to the Document Custodian for custody. This documentation may be either the Loan Participation Certificate (Form 638) developed by Fannie Mae or an equivalent certificate developed by the originating lender. If the documentation package does not include two originals of the Loan Participation Certificate, or if not all of the mortgages listed on the Schedule of Mortgages (Form 2005) have an entry for Participation Percent, the Document Custodian must ask the Seller to verify whether the MBS pool consists of mortgages or participation interests in mortgages. The Document Custodian must not certify the pool until the Seller provides two originals of each Loan Participation Certificate and has verified that the Seller has submitted an MBS correction that reflects a Participation Percent for all the mortgages in the pool. If the Seller indicates that the pool consists of mortgages (rather than participation interests), the Document Custodian must not certify the pool until the Document Custodian has verified that the Seller has submitted an MBS correction that no longer reflects a Participation Percent for any of the mortgages in the pool.

8.7 Electronic Records

Electronic record keeping refers to the general requirements for the electronic storage of mortgage documents, which may have originally been in a paper format. eMortgages, addressed in section 8.8, are electronic mortgage notes, which have additional constraints beyond the general electronic record keeping requirements. Document Custodians may retain most of the required documents in a non-paper format (regardless of whether the documentation was originally obtained in paper format or in some other type of format). Paper documents may be destroyed if Fannie Mae does NOT require the originals. However, the Document Custodian must retain the original mortgage note (and any related addenda), the original recorded mortgage; the original of any assignments for a MERS-registered mortgage; an original assignment of the mortgage to Fannie Mae (for a mortgage that is not registered with MERS) and originals of any documents that change the mortgage terms (i.e., modifications). Refer to Section 7.1 (Documents Required by Fannie Mae) for more information. The Document Custodian may use any method for storing this documentation—such as photographic, microfilm, electronic, digital, or other storage technology.
8.7.1 Agreement (or Consent) to Use Electronic Records (or Disclosures)

The Document Custodian must ensure that the parties to any electronic record have appropriately agreed to the use of the electronic record and/or electronic signature in a way that will create a binding electronic record under the Electronic Signatures in Global and National Commerce Act (E-SIGN), the Uniform Electronic Transactions Act (UETA), and any other applicable laws. We require the originating lender to obtain the specific agreement of the borrower(s) to the use of any electronic record, making sure that it complies with the requirements of Section 101© of E-SIGN that address the type and content of the consent that must be obtained before using an electronic format to provide any of the disclosures that must be given to borrowers in connection with the origination of a mortgage loan. Seller/Servicers and Document Custodians must be aware of, and comply with, any additional requirements related to the use of electronic signatures, records, and disclosures that are imposed by regulatory agencies or state legislation.

8.7.2 Format for, and Evidence of, Electronic Signatures

The Document Custodian may use any form of electronic signature that is valid under applicable law. All electronic signatures must be “attributable” to the signer (which includes the individual responsible for signing the document, as well as any entity that individual intends to bind by the signature). Attribution may be achieved through any combination of technological methods, business processes, and surrounding circumstances that produces a level of attribution that is appropriate to the document in question, taking into account the nature of the document and the identities of the parties involved. For example, given the importance of the loan application to the mortgage transaction, the level of attribution for that document should be at the highest level to ensure that the signer will not have a reasonable basis on which to deny executing the electronic signature.

Regardless of the method used to attribute an electronic signature to a particular person, the Document Custodian must collect and retain appropriate evidence to document a signer’s agreement to use an electronic signature, to demonstrate a signer’s execution of a particular electronic signature, and to prove its attribution of the electronic signature to that signer.
8.7.3 Integrity of the Electronic Record

Electronic records must be generated, processed, stored, and transmitted in a manner that ensures that each electronic record (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record (or otherwise) and (2) remains accessible (in a form that can be adequately reproduced) for later reference by all persons who are legally entitled to access it for the period of time for which such access is legally required. The Document Custodian must take appropriate steps to ensure the electronic record accurately reflects the information as it was first presented in the electronic record to the signer or intended beneficiary of that electronic record (including the exact format in which the information was presented in any case in which certain methods or presentation are prescribed by law or regulation or would be material to the likely interpretation of any rights or obligations conferred by the record). To reduce the risk of fraudulently created records, the Document Custodian also is responsible for authenticating the identity of the transmitter of any electronic record and ensuring the integrity of the electronic record at each stage of its creation, transmission, and storage while the electronic record is under its control. The Document Custodian must be able to reproduce the electronic record(s) in paper (or other) format at Fannie Mae’s request.

8.8 eMortgages

An eMortgage is a mortgage loan for which the promissory note and possibly other documents (such as the security instrument and mortgage loan application) are created and stored electronically rather than by using traditional paper documentation that has an ink signature.

Fannie Mae will purchase eMortgages only from Sellers whose approval to deliver eMortgages has been documented by an addendum to the Mortgage Selling and Servicing Contract (MSSC) between Fannie Mae and the Seller.

Document Custodians who hold eMortgages on behalf of Fannie Mae must execute amendments to their Custodial Agreements with Fannie Mae. As part of the setup process, the Document Custodian receives training materials, including certification guidelines for eMortgage notes, through a consultation process with Fannie Mae.

8.9 Special Approvals

Selling/servicing certain Mortgage Loan types requires special approval from Fannie Mae. Document Custodians should be aware that additional review could be required and should seek guidance from the Servicer. The following are examples of Mortgage Loan types that require special approval:

- Co-Op Share Loans
- Second Mortgages
- HomeStyle Renovation Mortgages
- Texas Section 50(a)(6) mortgages
- Electronic Mortgages

9. Data Review and Certification

When a Seller delivers Mortgage Loans, the Document Custodian must validate the Loan Data as required by this section. For each individual Mortgage Loan, the Document Custodian must verify that all the Required Documents are present. In addition, please refer to Document Custodian Certification Job Aid.
9.1 Review of Loan Data

The Document Custodian must compare the data in the Loan Data to the related notes (and modification agreements if applicable) to ensure that the following information matches:

- Property address (including house number, unit # (if applicable), street name, city, state, and ZIP code).
  - The Document Custodian must validate that the zip code is a 5-digit numeric field. The Document Custodian is not required to verify that the zip code on the note matches the Loan Data.
- Original note rate.
- First payment due date.
- Payment Amount/P&I (a 1 cent discrepancy is acceptable). **NOTE:** For Interest Only (IO) Mortgage Loans, the payment amount must be equal to, or less than, the payment stated on the note. However, the Document Custodian should apply reasonable judgment. For example, the payment should not be less than 50% of the payment stated on the note.
- Amortization type (although this will not be stated as such in the custody documents, the Document Custodian will generally be able to verify it by the legend on the note. For example, an amortization type of “ARM” in the Loan Data can be confirmed based on the presence of an Adjustable Rate Note).
- Mortgage loan type, although this will not be stated as such in the custody documents, the Document Custodian will generally be able to verify it by the legend on the note. For example, because the legal documents for an FHA-insured mortgage or a VA- or RHS-guaranteed mortgage generally are not the Fannie Mae/Freddie Mac Uniform Instruments that are used for conventional mortgages, the note may specify the words “FHA,” “VA,” etc. If there is no identifying information to confirm the Mortgage Loan type for a FHA, HUD, VA, or RHS mortgage, the Document Custodian may nevertheless certify the mortgage documentation as long as everything else is in order.
- Original Mortgage Loan amount.
- Balloon maturity (“call”) date, if applicable. **NOTE:** Call date is the date on which the borrower is required to remit the unpaid balance of the loan. Usually, the borrower has the option to obtain a new loan with a new maturity date in the future.
- Interest only end date*, if applicable.
- If an LNA has been delivered, the Document Custodian must validate the Lender has transmitted Special Feature Code 159. If more than six Special Feature Codes have been delivered, the Document Custodian does not have to validate Special Feature Code 159.
- If a co-operative share loan has been delivered, the Document Custodian must validate the Lender has transmitted Project Code 1 or 2 if loan is governed by Form 2003 or 2010 Custodial Agreement, or that the Lender has indicated the loan is a co-operative share loan in the Loan Data.
- For Mortgage Loans governed by Form 2003 or 2010 Custodial Agreements, Original term (in months) of the mortgage.*
- For Mortgage Loans governed by Form 2017 Custodial Agreement, the Maturity Date and when applicable, the Bailee Letter Name or Form 2004A Name.

In addition, the Document Custodian must confirm that, if a MIN is present on the note, it is 18 characters in length and contains only numeric characters (i.e., no alpha characters).

See Section 17 Appendix A: Frequently Used Codes for Amortization Type Codes and Loan Type Codes.

For adjustable-rate mortgages (ARMs), the Document Custodian will also need to verify that the following information has been consistently completed on both the custody documents and the Loan Data.

- Interest rate floor* (the minimum allowable interest rate for the mortgage);
- Interest rate ceiling* (the maximum allowable interest rate for the mortgage);
- Mortgage margin;
- First interest rate change date;
- First payment change date;
• Look-back period;
• Index Rounding Feature/Translation*; and
• Interest only end date*, if applicable.
• For Mortgage Loans governed by Form 2017 Custodial Agreement, Document Custodian shall validate the ARM Plan caps up and down in the Loan Data;

*NOTE: These values may require calculation or translation. In addition, if the interest rate floor is not on the note or if the interest rate floor on the note is less than or equal to the margin, the interest rate floor on the Loan Data must be zero (or null). If the stated (or calculated) interest rate floor on the note is greater than the margin, the interest rate floor on the schedule must equal the value stated (or calculated) on the note.

The Document Custodian is not required to verify the payment amount (P & I) for ARM loans that have matured beyond the first payment change date.

For loans with a potential for negative amortization, verification of look-back information on the note to the delivery data is not required. Currently, the Document Custodian does not receive the information necessary to certify (i.e., Standard and Variable Look-back) associated with loans with the potential for negative amortization. These loans will have rate changes with no associated payment changes and in general state two different look-back periods.

If the Document Custodian is certifying a consolidated note, follow the data validation requirements for fixed rate and adjustable rate mortgages.

For new refinance mortgages that represent the refinancing of existing balloon mortgages, which can be identified by the presence of two Special Feature Codes (007 and 236) on the Schedule of Mortgages, the terms for the new refinance mortgage – original term (in months), note rate, first payment date, original Mortgage Loan amount, and constant P&I – as of the effective date of the refinancing must be shown on the Schedule of Mortgages instead of those for the original balloon mortgage.

9.2 Certification of eNotes

The certification of eNotes for MBS and Whole Loan deliveries is similar to certification of paper notes, but are also subject to the additional requirements in this section.

9.2.1 Certifying eNotes

Unless otherwise directed by Fannie Mae in writing, the Document Custodian will use the following process to certify eNotes:

• Fannie Mae requires Sellers or the Seller’s delegate to transfer Control & Location of the Authoritative Copy of eNotes to Fannie Mae in the MERS eRegistry. In completing the document review for eNotes, Document Custodians are permitted to use either the Authoritative Copy of the eNote, or any copy which has been validated against the MERS eRegistry to ensure its authenticity. For Document Custodians accessing Fannie Mae’s eVault to perform eNote certification, this validation against the MERS eRegistry is automatically completed by Fannie Mae’s eVault upon delivery of the eNote to Fannie Mae. Document Custodians certifying eNotes using a copy contained within another eVault must ensure that the eVault includes similar functionality for validating the eNote against MERS eRegistry in order to ensure the integrity of the copy used to complete certification.

• The Document Custodian must complete a manual review of the eNote against the Loan Data in Fannie Mae’s Document Certification application.

• The Document Custodian must validate that each eNote delivered contains Special Feature Code 508 in the Loan Data.
- The Document Custodian must validate that for each eNote there is a MERS MIN listed in the Loan Data, and that the MIN matches the MIN for the eNote transferred to the eVault.

- Prior to certification, the Document Custodian must validate that Fannie Mae is reflected as the Controller and Location of the eNote on the MERS eRegistry. For Document Custodians using the Fannie Mae eVault to certify eNotes, this can be verified on the right-side panel after selecting an individual loan (see below).

  ![MERS Info Table]

<table>
<thead>
<tr>
<th>Controller</th>
<th>Fannie Mae (1000130)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Fannie Mae (1000130)</td>
</tr>
</tbody>
</table>

  Note: Document Custodians completing certification using an eVault other than Fannie Mae’s must have access to the eVault used to transfer the eNote to Fannie Mae in order to verify that the transfer to Fannie Mae is completed successfully. Otherwise, logging into the Fannie Mae eVault will be necessary to complete this step.

- The Document Custodian must certify that there is a physical representation of an eSignature present on the eNote and that the borrower’s name is typed below the electronic signature. The Document Custodian, however, is not required to verify the typed name matches the electronic signature.

Samples of electronic signatures are provided here for illustrative purposes:

Sample 1:
Typed Signature

  ![Typed Signature Sample]

  Electronically signed by John Homeowner
  on 10/18/2000 14:28:01 PDT

  ----------------------------------------
  John Homeowner

Sample 2:
Holographic Signature

  ![Holographic Signature Sample]

  John Homeowner

- The Document Custodian will certify that “MERSCORP Holdings, Inc., a Delaware corporation” is listed as the operator of the Registry in Section 11 of the eNote (or Section 12 in an ARM eNote), as excerpted below:

  “(B) Except as indicated in Sections 11 (D) and (E) below, the identity of the Note Holder and any person to whom this Electronic Note is later transferred will be recorded in a registry maintained by MERSCORP Holdings, Inc., a Delaware corporation or in another registry to which the records are later transferred (the “Note Holder Registry”).”

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This document is incorporated by reference into the Fannie Mae Selling and Servicing Guides.
Additional considerations when certifying eNotes:

- Power-of-Attorneys are not currently permitted for execution of eNotes;
- Co-op loans are not eligible for delivery as eNotes;
- CEMA loans are not currently eligible for eSignatures;
- All eMortgages with eNotes must be registered with the MERS System. Therefore, no assignment of the mortgage to Fannie Mae is required.
- Requirements regarding endorsements are not applicable to eNotes. The Document Custodian is only required to verify the successful transfer of Control & Location to Fannie Mae.

9.2.2 eNotes Delivered Subject To A Warehouse Lender Security Interest

For eNotes, there are no Bailee letters, and instead the identification and subsequent processing of eNotes with a third party security interest is based on the MERS OrgID of the party reflected as the Controller delivering the eNote to Fannie Mae.

Fannie Mae’s eVault will be configured such that eNote deliveries from warehouse funding providers will be easily identifiable when completing document certification. For these loans the “Transferred From” field in the Fannie Mae eVault will be preceded by the word “BAILEE” and also reflect the MERS OrgID of the warehouse bank directly after the name.

When certifying an eMortgage that reflects a warehouse lender security interest as shown above, the Document Custodian shall ensure that the Bailee Name which is preceded by the word “BAILEE” in the Fannie Mae eVault matches the “Bailee Letter Name” shown in the Loan Data. If there is not a match, the Document Custodian shall treat as a document discrepancy and contact the Seller to resolve the discrepancy.

Note: The Bailee Name, however, is not used for eMortgages for which a disbursement agent has been designated. For these loans the Document Custodian should have received a Form 2004A which includes the loan and the “Bailee Letter Name” field in the Loan Data should be replaced with a separate “2004A Name” field. In this situation, the Document Custodian would disregard the Bailee name in the eVault and instead compare the “2004A Name” field in the Loan Data to the depository institution listed on form 2004A (consistent with the process for paper Notes).

9.2.3 Completion Of The Certification Process

Upon the completion of certification and the resolution of any identified discrepancies, the Document Custodian must perform Fannie Mae’s standard certification. Once the eNote has been transferred to the Fannie Mae eVault and certification has been completed, the Document Custodian no longer needs to track the particular eMortgage as
an active loan on its system and the eMortgage may be released from its system without the need of a Form 2009 or other documentation.

If an eNote fails certification and cannot be resolved, the Document Custodian must return the eNote by accessing the eVault and performing a transfer of “Control and Location” to the party or parties which had Control and Location of the eNote prior to transfer to Fannie Mae.

### 9.3 Resolving Discrepancies

If the Document Custodian discovers errors or that any Required Document is missing, is inconsistent with Fannie Mae’s requirements, or is inconsistent with the Loan Data that was transmitted to Fannie Mae, it must notify the Seller immediately and work with the Seller to resolve the issues. In addition, the Document Custodian should alert the Seller as to the specific corrections the Document Custodian believes are required. For more details as to resolving discrepancies based on specific scenarios, please refer to Fannie Mae New Doc Cert Custodian Job Aid.

### 9.4 Document Custodian’s Certification

The Document Custodian’s certification states that it has examined (and has in its possession) the Required Documents for the Mortgage Loans and acknowledge that each Required Document appears regular on its face (prima facie) and corresponds exactly to the Mortgage Loans listed in the Loan Data.

After completion of its review of the Required Documents – and resolution of any identified discrepancies or problems, including data and document corrections – the Document Custodian must indicate the acceptability of the individual Mortgage Loans by electronically transmitting its certification to Fannie Mae through the Document Certification application.

Document Custodians should contact Fannie Mae’s Delivery Helpline by calling 1-800-940-4646 if they have any questions about the electronic transmission of loan certifications.

#### 9.4.1 Service Level Requirement for Certifications

The Document Custodian shall complete certification of Mortgage Loans according to the following service level requirement:

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Eastern Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASAP+</td>
<td>2:00 PM EST</td>
</tr>
<tr>
<td>CASH</td>
<td>4:00 PM EST</td>
</tr>
<tr>
<td>ASAP</td>
<td>4:00 PM EST</td>
</tr>
<tr>
<td>MBS</td>
<td>4:00 PM EST</td>
</tr>
</tbody>
</table>

### 9.5 Obtaining and Tracking of Fannie Mae Loan Number

The Document Custodian must obtain and track the ten-digit Fannie Mae loan number in electronic format for each Mortgage Loan for which the Document Custodian provides custodial services.
9.5.1 Loans Certified on and after October 1, 2015

For every Mortgage Loan certified on and after October 1, 2015, the Document Custodian is responsible for:

- obtaining, within 30 days of loan certification, and
- tracking in electronic format

the Fannie Mae loan number for every Mortgage Loan for which the Document Custodian provides custodial services. The Seller must respond within 3 business days to any request from the Document Custodian to provide the Fannie Mae loan number following certification of the related Mortgage Loan.

9.5.2 Loans Certified Before October 1, 2015

For all Mortgage Loans certified prior to October 1, 2015, the Document Custodian must work with the respective Servicer to obtain, and then to reconcile, the Fannie Mae loan number of each such Mortgage Loan. The Document Custodian must satisfy this reconciliation requirement by taking the following actions:

- Request that the Servicer provide an electronic list that identifies, by Fannie Mae loan number, all Mortgage Loans serviced by the Servicer for which the Document Custodian holds Documents. The Servicer must provide such list to the Document Custodian within 30 days after the Servicer’s receipt of the request.
- Reconcile the Document Custodian’s records of Mortgage Loans serviced by the Servicer for which the Document Custodian holds Documents against the list of Mortgage Loans with Fannie Mae loan numbers provided by the Servicer. The Document Custodian must resolve any discrepancies between its records and the list provided by the Servicer. This resolution may require that the Document Custodian take such actions as:
  - Processing the release of custodial documents for any liquidated loans upon receipt of an appropriate Request for Release/Return of Documents (Form 2009) from the Servicer;
  - Receiving from the Servicer and processing revised Forms 2009 for loans currently liquidated that were previously requested to be released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release); or
  - Receiving and reinstating any active custodial files returned to the Document Custodian by the Servicer and updating the Document Custodian’s tracking system with each Mortgage Loan’s Fannie Mae loan number.

The Document Custodian must provide evidence of its completion of this reconciliation by providing Fannie Mae with a loan list, in electronic format, identifying the loans that the Document Custodian holds in custody for Fannie Mae. The list should provide the following information for each Mortgage Loan:

- Document Custodian’s full name;
- Document Custodian’s city;
- Document Custodian’s state;
- Document Custodian’s FIN (Financial Institution Number) (11 numerical digits);
- Servicer’s full name;
- Servicer’s servicer branch number (9 numerical digits);
- MBS pool number;
- Fannie Mae loan number (10 numerical digits); and
- MERS MIN (as provided at certification, if applicable) (18 numerical digits).

The Document Custodian should transmit the loan list to Fannie Mae’s Custodian Oversight and Monitoring Team via email to: custodian_oversight@fanniemae.com.

Fannie Mae will notify each Document Custodian in writing of the date by which the Document Custodian’s reconciliation loan list must be completed and submitted to Fannie Mae, based on the number of Mortgage Loans for which the Document Custodian holds custodial files, as reflected on the Form 2001 (Annual Statement of Eligibility by Document Custodians) submitted by the Document Custodian for the 2014 calendar year. This notification will
also provide detailed information as to the required format for the reconciliation loan list that the Document Custodian must submit.

10. Request for Release/Return of Documents (Form 2009)

Once the Required Documents are delivered to the Document Custodian, these documents must remain in the Document Custodian’s possession at all times, unless the Servicer needs to obtain documents to perform a specific servicing function. To obtain documents from the Document Custodian, the Servicer must submit a Request for Release/Return of Documents (Form 2009).

The Servicer may submit the Request for Release/Return of Documents (Form 2009) as a hard copy form (either the version published by Fannie Mae or a system-generated version of the form) or in an electronic format, including e-mail.

System-generated versions of Form 2009 or electronically submitted forms must include only the information from the hard-copy form that is pertinent to each specific request. For example, it is not necessary to include on each request all of the options that are shown under the fields for “Reason for Requesting Documents” or “Reason for Returning Documents” – rather, the reason applicable to the specific request is all that needs to appear.

Before releasing the requested documents, the Document Custodian must confirm that the following information is provided on the Form 2009:

- Date of the release request;
- Property address (including house number, street name, city, state, and ZIP code);
- Fannie Mae loan number;
- Lender (i.e., Servicer) loan number;
- The reason for release; and
- Lender’s (i.e., Servicer) name, address, and 9-digit Fannie Mae lender (i.e., Servicer) identification number, and the signature of the Servicer’s authorized representative.

If the request was initiated on a paper Form 2009, the Document Custodian must maintain the paper Form 2009 in the custody file or create, and retain, an electronic image in their records. If the request was initiated electronically, the Document Custodian must maintain a record of the release.

When the Form 2009 is submitted as a hard copy form, the Document Custodian must execute and date the form, return the original to the Servicer with the requested documents, and file a copy of the form with the other documents for the loan. Facsimile signatures to execute Form 2009 are acceptable. As an alternative, the Document Custodian may send the Servicer a copy of a summary report that lists all of the mortgages for which documents are being released to the Servicer on the same date.

When a Servicer obtains documents for use on a temporary basis, it must return them to the Document Custodian, using a transmittal form in a format acceptable to the Document Custodian, as soon as it no longer has need for them. The Document Custodian should update its tracking system to reflect that the documents have been returned to them and should return the documents to the applicable custodial file.

If the documentation returned to the Document Custodian includes documents that had not previously been held in the Document Custodian’s files (e.g., a modification of a note), the Document Custodian should file such additional documents in the appropriate custodial file. If the documentation returned to the Document Custodian contains additional markings or stamps that cause the Document Custodian to question whether the Mortgage Loan is still active, the Document Custodian must request additional information from the Servicer.
For all Mortgage Loans for which Documents have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days, the Document Custodian must:

- Ensure that its records identify all such Mortgage Loans and indicate the aggregate length of time for which such Documents have been released; and
- Notify the Servicer monthly of Mortgage Loans for which Documents have been released for non-liquidation purposes for more than 90 days.

If the Servicer receives a notification from the Document Custodian identifying Mortgage Loans for which Documents have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days, the Servicer must provide the Document Custodian with a report that details the reason for release of each identified Mortgage Loan within 5 business days after the Servicer’s receipt of such notification.

The Servicer’s response must indicate, for each identified Mortgage Loan, that (i) the Mortgage Loan has been paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release, (ii) the Documents are no longer needed by the Servicer or (iii) the Servicer still has need for the released Documents and the reason for the continuing need for release.

- If the Servicer reports that the Mortgage Loan has been paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release, then the Servicer must send the Document Custodian an updated Request for Release/Return of Documents (Form 2009) for such Mortgage Loan, selecting “Paid in Full/Repurchased” or “Other” (and indicating “Foreclosure Complete”), as applicable.
- If the Servicer reports that a Mortgage Loan will not be liquidated and the Documents are no longer needed by the Servicer, then the Servicer must send the Document Custodian an updated Request for Release/Return of Documents (Form 2009) for such Mortgage Loan (selecting “Reinstatement” as the reason for the return) and return the entire custodial file to the Document Custodian for reinstatement.

The Document Custodian must update its records to reflect the updated information provided by the Servicer.

Twice a year, the Document Custodian must provide a report to Fannie Mae that identifies all Mortgage Loans for which Documents have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 180 days, as of the date of the report. Reports should be submitted to custodian_oversight@fannie Mae.com on June 30 and December 31. The other report should be submitted to Fannie Mae six months after the audit due date. Each report should identify the Servicer’s seller/servicer number, the Fannie Mae loan number for each Mortgage Loan on the report and the most current information available as to the reason that release of the related Documents is still required.

11. Servicing Transfers

For all transfers, there must be a Fannie Mae approved custodial agreement in place among Fannie Mae, the transferee Document Custodian and the Transferee Servicer. The Transferor Servicer must make appropriate arrangements for the safe transfer of the custody documents to the new Transferee Document Custodian’s facilities and for the payment of all costs related to the transfer. A carrier service that provides tracking services and in-transit insurance to protect against the loss of documents should be used. The Transferee Servicer must pay the costs of the insurance unless the Servicer has negotiated an alternative funding source. (If the Servicer designates the carrier service and agrees to pay for all transfer charges, the Document Custodian does not need to verify that the Servicer has the required in-transit insurance.) Both the Transferor and Transferee Servicers will submit approval requests to Fannie Mae. Once Fannie Mae approves, it will provide a D-Code that is used as the unique identifier for the servicing transfer transaction.

Both the Transferor and Transferee Servicers must notify the Transferor Document Custodian within 60 days after Fannie Mae approval. In addition, the Transferor Servicer must provide both the Transferor Document Custodian
and the Transferee Document Custodian with the approved Request for Approval of Servicing or Subservicing Transfer (Form 629), a trial balance that lists by Fannie Mae loan number each Mortgage Loan expected to transfer and the D-Code. The trial balance must be in a format agreed upon by Transferor Servicer and Document Custodian.

11.1 Servicing Transfers – Change of Document Custodian

Upon receipt of communication on a servicing transfer, the Transferor Document Custodian should immediately package the documents for shipment. The Transferor Document Custodian is responsible for controlling the documents and maintaining their integrity until they are released to the Transferee Document Custodian. The Transferor Document Custodian must package the documents in the same order in which they are listed on the printout of the Transferor Servicer’s Trial Balance or in an agreed upon order.

The Transferor Document Custodian must forward to the Transferee Document Custodian executed Requests for Release/Return of Documents (Form 2009) for any mortgages which required custody documents that will not be transferred because the loan has been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release).

The Transferor Document Custodian must keep a copy of the document transfers for its records and retain these records for a minimum of two years following the transfer.

The Transferor Document Custodian must deliver to the Transferee Document Custodian all of the required custody documents within 30 days of the notice.

Note: The Transferor Document Custodian can request receipt confirmation of package, as well as a document inventory of all loans received, from the Transferee Document Custodian within an agreed upon Service Level Agreement.

The Transferee Document Custodian is responsible for reviewing the transferred custody documents immediately to ensure the required recertification can be prepared within six months after the effective date of the custody document transfer. The six month timeline begins when the Loan Data and at least some of the Documents have been received from the Transferor Document Custodian.

The Transferee Document Custodian must ensure:

- A valid Custodial Agreement exists with the Transferee Servicer.
- The correct collateral and all Documents were received.
- The borrower’s original signatures exist
  - The last name could be different due to life events, such as death, divorce or marriage. The Borrower Name does not have to be an exact match to the Borrower Name in the trial balance as long as the Note can be matched in another way i.e. address, note date etc. If a Power of Attorney (POA) is present, it must tie to the Note.
- The property address matches the trial balance provided by the Transferor Servicer
  - The Transferee Document Custodian should verify property address is not materially different. If the property address is missing, the Transferee Document Custodian should reach out to the Transferee Servicer to have this corrected. If the Transferee Servicer is having difficulty resolving, they should contact their Fannie Mae CDT point of contact to help remediate.
  - The ZIP code does not have to be present to complete recertification.
- Notes are endorsed in blank, without recourse, and there is no break in the chain of endorsements.
- The presence of either the original, unrecorded assignment in paper format from the Transferee Servicer to Fannie Mae, or an 18-digit MIN if the mortgage is registered with the Mortgage Electronic Registry System (MERS).
• A Form 2009 is present if a physical loan file is missing. The Transferee Document Custodian is responsible for continuous tracking of all non-liquidated releases.

The Transferee Document Custodian must resolve any identified discrepancies or problems with the Servicer in a timely manner.

Note: The Transferee Document Custodian must notify the Transferor Document Custodian and Transferee Servicer within 30 days of receipt of collateral of any missing collateral or Form 2009.

The due date to complete recertification for a servicing transfer is six months. If the Transferee Document Custodian is unable to finalize its review of the documents in time to issue its recertification within the allowable six-month period, the Transferee Document Custodian must seek an extension of time from Fannie Mae by sending the request to custodian_oversight@fanniemae.com. When requesting a recertification extension, the Document Custodian must include evidence to show that the Servicer has reached out to Fannie Mae for issues that cannot be cured, or else the request will be rejected.

11.2 Servicing Transfers – No Change of Document Custodian:

When there is no change in the Document Custodian, the existing Document Custodian must ensure:

• The correct collateral was received.
• The presence of either the original, unrecorded assignment in paper format from Transferee Servicer to Fannie Mae, or 18-digit MIN if the mortgage is registered with the Mortgage Electronic Registry System (MERS).
• Update their system to reflect the new Servicer immediately upon receipt of the Loan Data to start recertification.

The due date to complete recertification for a servicing transfer is six months. If the Transferee Document Custodian is unable to finalize its review of the documents in time to issue its recertification within the allowable six-month period, the Transferee Document Custodian must seek an extension of time from Fannie Mae by sending the request to custodian_oversight@fanniemae.com. When requesting a recertification extension, the Document Custodian must include evidence to show that the Servicer has reached out to Fannie Mae for issues that cannot be cured, or else the request will be rejected.

11.3 Servicing Transfers – Reporting Requirements of the Transferee Document Custodian

Recertification of custody documents is required regardless if the Document Custodian is changing or not. Recertification requirements, however, are more streamlined when there is no change in Document Custodian. For specific recertification processes, please refer to the Document Transfer Job Aid.

12. Concurrent Sale of Servicing

A concurrent servicing transfer (also known “co-issue”) occurs when the Seller transfers the servicing rights to a Servicer at the same time it sells the loan to Fannie Mae. This is an “automatic” transfer because Fannie Mae’s prior approval of the servicing transfer is not required. Sellers must notify the Transferor Document Custodian of a concurrent sale of servicing transaction.

The certifying Document Custodian must determine if the custody documents are to be transferred to a Transferee Document Custodian or if the Servicer requests to keep the certifying Document Custodian as the Document Custodian to provide custody services for the custody documents, as well. If the custody documents are not being transferred, the certifying Document Custodian must ensure the Servicer has an executed custodial agreement.
If the custody documents are being transferred, the certifying Document Custodian must immediately obtain instructions from the Seller as to the transfer of the custody documents. In addition, the certifying Document Custodian must report the certification of loans as part of a concurrent sale of servicing to Fannie Mae and provide a loan level listing of all the certified loans.

12.1 Concurrent Sale of Servicing – Responsibilities of the Certifying Document Custodian (Transferor):

After completion of certification, the Transferor Document Custodian must determine if the custody documents are being transferred to a different Document Custodian. If so, the Transferor Document Custodian should immediately package the documents for shipment. The Transferor Document Custodian must package the documents in the same order in which they are listed on the printout of the Transferor Servicer’s Trial Balance or in an agreed upon order.

If the Transferor Document Custodian needs instruction as to the transfer of the custody documents, the Transferor Document Custodian must contact the Seller immediately.

The Transferor Document Custodian must deliver to the Transferee Document Custodian all of the required custody documents within 30 days of certification.

Note: The Transferor Document Custodian can request receipt confirmation of package, as well as a document inventory of all loans received, from the Transferee Document Custodian within an agreed upon Service Level Agreement.

12.2 Concurrent Sale of Servicing – Responsibilities of the New Document Custodian (Transferee):

The Transferee Document Custodian is responsible for reviewing the transferred custody documents immediately to ensure the required recertification can be prepared.

When there is a change in the Document Custodian, the Transferee Document Custodian must contact the Lender to obtain data and ensure:

- The correct collateral was received
- The presence of either the original, unrecorded assignment in paper format from the Transferee Servicer to Fannie Mae, or an 18-digit MIN if the mortgage is registered with the Mortgage Electronic Registry System (MERS)
- All notes are endorsed in blank, without recourse, and there is no break in the chain of endorsements.

In addition, the Transferee Document Custodian must contact Fannie Mae to obtain an I-Code at custodian_oversight@fanniemae.com.

A Recert Start File and a Recert Complete File must be submitted to Fannie Mae by the Transferee Document Custodian for concurrent sale of servicing transactions where the certifying Document Custodian is not the same as the Document Custodian identified to provide custody services for the documents.

Note: The Transferee Document Custodian must notify the Transferee Servicer within 30 days of receipt of collateral of any missing collateral or Form 2009.

The due date to complete recertification for a concurrent sale of servicing transaction is 30 days. If the Transferee Document Custodian is unable to finalize its review of the documents in time to issue its recertification within the allowable 30 day period, the Transferee Document Custodian must seek an extension of time from Fannie Mae by sending the request to custodian_oversight@fanniemae.com.
12.3 Concurrent Sale of Servicing – Responsibilities if the Same Document Custodian

When there is no change in the Document Custodian, the certifying Document Custodian must update its system to reflect the new Servicer immediately upon certification.

A Recert Start File and a Recert Complete File does not need to be submitted to Fannie Mae for concurrent sale of servicing transactions where the certifying Document Custodian is the same as the Document Custodian identified to provide custody services for the custody documents.

12.4 Concurrent Sale of Servicing – Reporting Requirements of the Transferee Document Custodian

For specific reporting and recertification processes, please refer to the Document Transfer Job Aid.

13. Servicer Initiated Change of Custodian Without Transfer of Servicing

13.1 Responsibilities of the Transferor Document Custodian

Servicer must contact custodian_oversight@fanniemae.com for approval to move loans to another Document Custodian. The approval request must include a list loans with Fannie Mae loan numbers to be transferred and list the Transferor and Transferee Document Custodian. Fannie Mae’s approval will provide a “C” code that the Transferee Document Custodian must use when it sends Fannie Mae recert start files and recert completion files.

The Transferor Document Custodian should immediately package the documents for shipment. The Transferor Document Custodian must package the documents in the same order in which they are listed on the printout of the Transferor Servicer’s request or in an agreed upon order.

If the Transferor Document Custodian needs instruction as to the transfer of the custody documents, the Transferor Document Custodian must contact the Servicer immediately.

The Transferor Document Custodian must deliver to the Transferee Document Custodian all of the required custody documents or a form 2009 if the loan was released for non-liquidation purposes within 30 days of request unless an agreed upon date between parties.

Note: The Transferor Document Custodian can request receipt confirmation of package, as well as a document inventory of all loans received, from the Transferee Document Custodian within an agreed upon Service Level Agreement.

13.2 Responsibilities of the Transferee Document Custodian

The Transferee Document Custodian is responsible for reviewing the transferred custody documents or Form 2009 immediately to ensure that it has received all applicable information.

The Transferee Document Custodian must contact the Servicer to obtain data and ensure:

- The correct collateral was received
- The presence of either the original, unrecorded assignment in paper format, or an 18-digit MIN if the mortgage is registered with the Mortgage Electronic Registry System (MERS)
- All notes are endorsed in blank, without recourse, and there is no break in the chain of endorsements.
A Recert Start File and a Recert Complete File must be submitted to Fannie Mae by the Transferee Document Custodian for all transactions where the certifying Document Custodian is not the same as the Document Custodian identified to provide custody services for the documents.

Note: The Transferee Document Custodian must notify the Transferor Document Custodian and Transferee Servicer within 30 days of receipt of collateral of any missing collateral or Form 2009.

The due date to complete recertification for a Document Custodian transfer is six months from the receipt of data and loan files. If the Transferee Document Custodian is unable to finalize its review of the documents in time to issue its recertification within the allowable six month period, the Transferee Document Custodian must seek an extension of time from Fannie Mae by sending the request to custodian_oversight@fanniemae.com. When requesting a recertification extension, the Document Custodian must include evidence to show that the Servicer has reached out to Fannie Mae for issues that cannot be cured, or else the request will be rejected.

14. Custodian Initiated Transfers

Movement of collateral files can also occur as a result of the following activities:

- Vault Moves,
- Termination, and
- Full or Partial Acquisition.

14.1 Vault Moves

If it is necessary to move Fannie Mae custody documents from one vault location to another within same Document Custodian, it is the responsibility of the Document Custodian to notify Fannie Mae at custodian_oversight@fanniemae.com and their Account Team at least 30 days prior to the move. Under certain circumstances, recertification for vault moves can be waived.

The Document Custodian is also responsible for the following:

- Ensure that the new location meets Fannie Mae’s eligibility and operational requirements
- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation detailing how, when, and where the documents will be moved
- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation of the Document Custodian’s plan for reconciling the documents to ensure that they are received safely at the new location
- Provide transit insurance
- Secure a C-Code from Fannie Mae at custodian_oversight@fanniemae.com

A data file containing the same data fields as the Recert Start File and Recert Complete File are required for tracking purposes.

14.2 Termination

The Terminating Document Custodian is responsible for notifying Fannie Mae at custodian_oversight@fanniemae.com of the intended closure at least 30 days prior to the closing. The Terminating Document Custodian continues to be fully responsible for the safety of all documents that are in custody until they have been fully transferred to a new Document Custodian.
As part of the process, all custodial waivers are reviewed by Fannie Mae to determine if they continue to be necessary and need to be attached as an amendment to the Transferee Document Custodian’s Custodial Agreement.

The Terminating Document Custodian is also responsible for the following:

- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation detailing how, when, and where the documents will be moved;
- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation of the Document Custodian’s plan for reconciling the documents to ensure that they are received safely at the new location;
- Provide Fannie Mae at custodian_oversight@fanniemae.com a list of all the documents/pools being moved and all the Servicers that are involved. The impacted Servicers must receive a copy of this list;
- Provide transit insurance; and
- Secure a C-Code from Fannie Mae at custodian_oversight@fanniemae.com.

A data file containing the same data fields as the Recert Start File and Recert Complete File are required for tracking purposes.

14.3 Full or Partial Acquisition of a Document Custody Business

Both the Existing Document Custodian and the New Document Custodian must provide at least 30 days advance written notice to Fannie Mae at custodian_oversight@fanniemae.com when all or part of the Existing Document Custodian’s custody business is being acquired by the New Document Custodian (“custody acquisition”), but the Servicer remains the same.

In addition, the Existing Document Custodian and the New Document Custodian are also responsible for the following:

- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation detailing how, when, and where the documents will be moved
- Provide Fannie Mae at custodian_oversight@fanniemae.com with documentation of the Document Custodian’s plan for reconciling the documents to ensure that they are received safely at the new location
- Provide Fannie Mae at custodian_oversight@fanniemae.com a list of all the documents/pools being moved and all the Servicers that are involved. The impacted Servicers must receive a copy of this list.
- Provide advance written notice of the custody acquisition to the impacted Servicers
- Provide transit insurance, and
- Secure a C-Code from Fannie Mae at custodian_oversight@fanniemae.com

The Existing Document Custodian is responsible for controlling the documents and maintaining their integrity of the custody documents until the custody documents are released to the New Document Custodian. The Existing Document Custodian must deliver all of the required documents to the New Document Custodian in a timely manner to ensure that the New Document Custodian has adequate time to review the files and execute a recertification of the custody loans.

A data file containing the same data fields as the Recert Start File and Recert Complete File are required for tracking purposes.
15. Liquidated MBS Pools Under Form 2003 and 2010 Custodial Agreements

For Mortgage Loans governed by Form 2003 or 2010 Custodial Agreements, within 30 days after liquidation of an MBS pool (meaning that all of the individual mortgages in the pool have been liquidated by one means or another), the Servicer must send the Document Custodian a written request to return any remaining documents to it for safekeeping. For the most part, the Document Custodian will already have released the documents based on receipt of a Request for Release/Return of Documents (Form 2009). The Document Custodian does not need to request submission of Form 2009 for any remaining documents; the Servicer’s written request is sufficient justification for the Document Custodian to close out its records for the pool.

16. Exhibit 1: Forms Retrieval

All the forms referenced in this RDC document may be downloaded from the https://www.fanniemae.com/singlefamily/document-custodians web site. To access the forms:

2. Click on the “Document Custodians” hyperlink in the Industry Specialists section of the homepage.
3. Select the desired form from the “Selling & Servicing Guide Forms” list.
4. Follow instructions to download form.

For a full list of forms:

2. Mouse over the “Single Family” button at the top of the page.
3. Select “Forms & Documents” from the list.
4. Click on the “Single-Family Forms & Documents Search” hyperlink from the Selling & Servicing Guide Forms section of the page.
5. You may search by Guide Category, Form Type, or you may enter the form number in the “Enter a Form Number or Keywords” search box (e.g., “Form 2003”).
6. Click “Search” button.
7. Select the desired form from the returned list.
8. Follow instructions to download form.

17. Exhibit 2: Frequently Asked Questions

17.1 Training Questions

Q1. If endorsement chains are complete and end with “to blank” (i.e., endorsement in blank), but do not go through the Seller, should the Document Custodian delay certification?

A1. No, the Document Custodian does not need to delay certification.
Q2. Do Fannie Mae Mortgage Loans need to be filed separately from mortgage loan files of other investors when in custodial safekeeping?
A2. For Sellers or Servicers or Affiliates of Sellers or Servicers that serve as Document Custodian: Yes. For third-party Document Custodians: No. As long as the loans are identified as Fannie Mae loans on the Document Custodian’s systems, the pool files can be assembled quickly upon Fannie Mae’s request, and Fannie Mae has reasonable access to the Document Custodian’s system in the event the Document Custodian is unable to assemble the files, commingling is acceptable.

Q3. If a Seller has exhausted all reasonable means of locating a Mortgage Loan note copy to go with a lost note affidavit (LNA), may a copy of the mortgage be attached instead?
A3. Fannie Mae must specifically approve the issuance of an LNA that does not have a copy of the note attached. In such a situation, Fannie Mae will prescribe the documentation that must be attached to the LNA in lieu of a copy of the note. Whenever a Seller issues an LNA, Fannie Mae holds the Seller responsible for any losses or litigation that arises due to the missing note.

Q4. Must a Document Custodian maintain a copy of the endorsing entity’s Corporate Resolution allowing facsimile signatures to be used as endorsements?
A4. Yes. Fannie Mae requires a Document Custodian to maintain a copy of the endorsing entity’s Corporate Resolution. Fannie Mae permits endorsement of notes by facsimile signature provided that the Servicer’s Corporate Resolution authorizes use of facsimile signatures and provides a list of the names and/or titles of the individuals whose facsimile signatures are valid.

Q5. Must the Mortgage Identification Number (MIN) for MERS loans be tracked on a Document Custodian’s tracking system?
A5. Yes, effective October 1, 2015, Fannie Mae requires Document Custodians to track the MIN number in their systems.

Q6. Must Document Custodians maintain the Fannie Mae loan number on their tracking systems?
A6. Yes, effective October 1, 2015, Fannie Mae requires that a Document Custodian obtain and track the Fannie Mae loan number for each Mortgage Loan for which the Document Custodian holds Documents.

Q7. Do Document Custodians need to perform recertification for servicing transfers that don’t require a physical move of custodial files from one location to another?
A7. Yes. Fannie Mae requires the Document Custodian to perform a recertification. In addition, the Document Custodian must ensure that there is a new mortgage assignment from the new Servicer to Fannie Mae (in recordable form but unrecorded). Please refer to Section 11.2 for more information.

Q8. Do Document Custodians have to verify P&I on Interest-Only Mortgage Loans?
A8. Yes, the interest-only payment is captured in the P&I field in the Loan Data. The Document Custodian must look at the payment on that Schedule and verify that it matches the payment provided for in the note. However, if the P&I on the Schedule of Mortgages is not the same as the P&I provided for in the Note, the former should be less than the latter. The Document Custodian should determine if the discrepancy is reasonable. For more information, please refer to the section titled: “Data Review and Certification” in the Requirements for Document Custodians document.

Q9. If a Servicer uses facsimile signature on the mortgage assignment to Fannie Mae (recordable but unrecorded), is the Document Custodian required to maintain a copy of the legal opinion necessary for use of those signatures?
A9. Yes. Fannie Mae requires the Document Custodian to obtain and maintain a copy of the legal opinion.

Q10. If our Seller endorses a Mortgage Loan note without providing the title of the authorized signer, can the Document Custodian certify the Mortgage Loan? What about endorsements prior to the Seller’s endorsement?
A10. No. Fannie Mae requires the following identifiers to be included in the Seller’s endorsement: lender (i.e., Seller’s) name, name of authorized signer, and title of authorized signer. However, with the Seller’s written permission, the Document Custodian may insert any missing identifiers. The Document Custodian must retain a copy of the authorization and instruct the Seller to provide such information on future deliveries. If the missing identifier is related to previous endorsements in the chain of title, the Document Custodian must notify the Seller. The Seller determines how to address the deficiency that must be corrected before the Mortgage Loan is certified. In some cases on intervening endorsements, certification is allowable when there is a missing identifier (e.g., name or title). Please contact the COM team for assistance via custodian_oversight@fanniemae.com.

Q11. If there is a Subservicer, does the Document Custodian need a Custodial Agreement signed by the Subservicer, the Document Custodian, and Fannie Mae?
A11. No, the Custodial Agreement is a tri-party agreement between the Lender, the Document Custodian, and Fannie Mae.

Q12. Does the power of attorney need to be notarized?
A12. Yes, all powers of attorney MUST be notarized.

Q13. Does Fannie Mae allow the practice of note endorsements on adhesive labels?
A13. No, Fannie Mae will not accept note endorsements on adhesive labels. The validity of endorsements on adhesive labels is subject to interpretation at the local jurisdictional level. In addition, endorsement adhesive labels are subject to become detached from the note.

17.2 General Questions

Q1. If I do not know my Financial Institution Number, who can I contact to provide this number?
A1. Contact Fannie Mae at thirdparty_custody@fanniemae.com to verify your Financial Institution Number.

Q2. Can a Document Custodian use Document Certification to certify whole loans?
A2. Yes, if the Document Custodian has an applicable Form 2017 Custodial Agreement. Otherwise, no.

18. Frequently Used Codes

The following information is also posted on www.fanniemae.com/singlefamily/index.

<table>
<thead>
<tr>
<th>Amortization Types</th>
<th>Cash</th>
<th>MBS</th>
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<td>06</td>
<td>06</td>
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<tr>
<td>Step Rate Mortgage (SRM)</td>
<td>09</td>
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</tbody>
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19. Exhibit 3: Independent Audit Requirements

19.1 Minimum Audit Requirements

Independent Audit – Minimum Requirements

The independent auditor must document that they have completed the following steps, including obtaining any evidence. Any gaps or findings should be included in a report to the Document Custodian at the conclusion of the audit. In addition, the report should include validation of all sections for which no gaps or findings were identified. For example, a statement such as “There were no findings related to General Custodian Data” would suffice if no findings were identified in this area.

Section 1: Include a quality review on a statistically valid sample of loans

1. Establish a loan sample that:
   a. Contains 150 loans certified since the previous review.
      i. If less than 150 loans were delivered to Fannie Mae since the previous review, sample all of the loans delivered
   b. Represents all loan products certified since the last review, including eNotes if applicable (performed by Fannie Mae or the independent auditor), with an emphasis on ARMs, or loan types that the Document Custodian has previously demonstrated difficulty in certifying.

   NOTE: The scope of the audit should only include loans that were certified by the Document Custodian. The loan sample should not include recertifications performed following servicing transfers.

2. Complete a full certification of all loans in the sample following the certification guidelines established in Fannie Mae’s Requirements for Document Custodians, while taking into account previously granted waivers that are documented in existing Letters of Instruction or Exhibit A to the Custodial Agreement.
   b. Obtain copies of all loan documents containing issues for submission with the Findings Report.
   c. Communicate issues to the Document Custodian for remediation upon discovery. Do not withhold the issues identified until the findings report is published.

3. Include the identified errors in the final report to be submitted to Fannie Mae. The report should:
   a. Identify each error discovered
   b. Establish error rates for:
      i. Data errors;
      ii. Document errors; and,
      iii. Combined errors
   c. Include copies of documents as attachments containing evidence of all issues discovered during testing of the loan sample.
### Section 2: Examine each of the following to ensure compliance with Fannie Mae’s eligibility and operational requirements including, but not limited to:

#### General Custodian Data

1. Document the number of Fannie Mae loans on-hand.
2. Request and review executed Form 2001 (*Annual Statement of Eligibility for Document Custodians*) for any existing waivers granted to the:
   a. Document Custodian
   b. Lender (related to certification)
3. Verify that the Document Custodian has appropriate controls in place to ensure compliance with all active waivers (Document Custodian and/or Lender).
   a. Request evidence of waiver compliance controls (identified above) for the review period and determine if non-compliance was identified through control execution.
   b. Include the identified instances of non-compliance in the final report to be submitted to Fannie Mae. The report should:
      i. Identify each instance of non-compliance with waivers discovered
      ii. Include copies of documents as attachments containing evidence of all instances of non-compliance with waivers discovered during evaluation of the control(s)
4. Review Document Custodian’s process for tracking outstanding issues identified, including: regulatory reviews, compliance reviews, self-reported operational incidents, internal audit reviews or SLAs.
   a. Previous findings
      i. If previous findings exist, validate that they have been resolved and include a status update in the report to Fannie Mae.
   b. Outstanding issues
      i. If outstanding issues exist, include a status update in the report to Fannie Mae.
5. Review data regarding previous audits and verify if there are any:
   a. Previous findings
      i. If previous findings exist, validate that they have been resolved and include a status update in the report to Fannie Mae.
   b. Outstanding issues
      i. If outstanding issues exist, validate that they have been resolved and include a status update in the report to Fannie Mae.
6. Request evidence to show that the Document Custodian has performed a reconciliation with their servicer(s) of all loans certified before October 1, 2015.

#### General Compliance

1. Request copies of executed Custodial Agreement between the Document Custodian and each of its Fannie Mae Lender customers.
2. Verify that all variances are documented in the form of a Letter of Instruction (which represents a variance granted to Lender) or Exhibit A (which represents a variance granted to the Document Custodian) to the Custodial Agreement.
3. Verify through staff interviews and observations that the Document Custodian employs well-trained and knowledgeable staff that is familiar with loan certification procedures and Fannie Mae document control methods.

#### Regulation

1. Ask the Document Custodian to provide evidence of their regulator(s). A Document Custodian must be regulated by:
   a. Federal Deposit Insurance Corp (FDIC)
   b. Board of Governors of the Federal Reserve System
   c. Office of the Comptroller of the Currency (OCC)
   d. National Credit Union Administration (NCUA)
2. Identify/name the regulated institution (i.e. name of parent, subsidiary, etc.).
3. Identify the regulated institution’s relationship to the Document Custodian.
4. Verify and document if the Document Custodian is subject to periodic review by the primary regulator.
### Reporting and Organizational Structure

1. Obtain an organizational chart. Based on the organizational chart and interviews with management:
   a. Verify that the Document Custodian operates as a physically separate department from departments that perform mortgage origination, selling and servicing functions.
   b. Verify that duties are completely segregated between lending and custodian activities.
   c. Verify that the Document Custodian maintains separate personnel, files and operations.

2. Determine if this is a Lender, or an affiliate of a Lender, acting as custodian for Fannie Mae documents.

### Financial Ratings

1. Request evidence of the regulated institution's most recent:
   a. IDC Ranking and date;
   b. KROLL Rating and date; and/or, 
   c. Alternate financial rating and date.

2. Confirm that the Document Custodian was able to produce rating evidence upon request.

3. Verify that the rating provided by the Document Custodian meets Fannie Mae’s requirements as specified in the *[Requirements for Document Custodians]*.

4. Confirm that the Document Custodian has a procedure in place to monitor their financial ratings for compliance.

### Trust Powers

1. If the Document Custodian is self-affiliated, obtain evidence of their Trust Powers.

2. Verify and document if there are custodial officers who are authorized to act for the institution in a trust capacity.

### Insurance Coverage

1. Review the Document Custodian’s E&O policy to assure that it meets Fannie Mae’s requirements, as specified in the *[Requirements for Document Custodians]*, and notate:
   a. Amount of Policy
   b. Amount of Deductible
   c. Deductible as percentage of face
   d. Policy expiration date

2. Review the Document Custodian’s Financial Institution Bond coverage to assure that it meets Fannie Mae’s requirements, as specified in the *[Requirements for Document Custodians]*, and notate:
   a. Amount of Bond Coverage
   b. Amount of Deductible
   c. Deductible as percentage of face
   d. Policy expiration date

3. Review the Document Custodian’s documentation that demonstrates that the insurance carrier is rated by one of the following:
   a. A.M. Best Company, with a rating of ‘B’ or better.
   b. Standard and Poor’s Inc., with a rating of ‘BBB’ or better.

### Physical Facilities

1. Obtain, observe and review the documentation that indicates that the facilities for storage of the custodial documents and files are fire-resistant storage facilities that provide at least two hours of fire protection.

2. Observe that the location and layout of the vault facility effectively limit access to the area.

3. Verify that the Document Custodian is able to account for the control of the keys, or access to, all external vault exits.

4. Review the procedures for granting access to vault facilities to assure that access is granted to personnel on as-needed basis. Personnel not working directly in custodian functions should not have access to the vault.
   a. Are there procedures in place for terminating the access of employees who no longer need access?
5. Observe the location in which documents are stored, while awaiting filing, to assure that it is secure.
6. Review and observe the vault’s primary access control.
7. Review and observe that the vault has secondary access control.
8. Review and observe that there are controls in place to prevent unauthorized access by non-custodial employees to custodial facilities and systems.

| Off-Shoring or Outsourcing | 1. If the Document Custodian outsources or uses offshore for any of its functions or responsibilities, confirm Custodian has completed Off-Shoring/Outsourcing Questionnaire and that the information is current.
|                           | 2. Verify that Document Custodian notified Fannie Mae of any changes to Questionnaire. |

| Written Procedures for Certification and Custody | 1. Review the following written procedures to assure that they meet Fannie Mae’s requirements, as specified in the Requirements for Document Custodians:
|                                               | a. Receipt of documents
|                                               | b. Registration into the document tracking system
|                                               | c. Certification of all required data elements depending upon the requirement of the applicable Custodial Agreement
|                                               | d. Verification of all required documents
|                                               | e. Process for certification and custody of Fannie Mae cash loans, if applicable
|                                               | f. Process for certification and custody of Fannie Mae LTSC Class I and/or Class IV loans, if applicable
|                                               | g. Bailee letter processing, if applicable, depending upon the requirement of the applicable Custodial Agreement
|                                               | h. Satisfaction of prior creditor interests in Fannie Mae loans, if applicable
|                                               | i. Process for handling missing/incorrect documents and/or data errors found during the document-to-data review (including communication, tracking, and follow-up until certification or removal).
|                                               | j. Document release practices (including execution of Form 2009)
|                                               | k. Document reinstatement
|                                               | l. Servicing transfers (in and out)
|                                               | m. Details regarding how vault access is controlled and secured
|                                               | n. Process for moving documents within vault/file room as loans are sold to investors
|                                               | o. Process for granting/removing/periodic review (at least annually) of authorized access to the document tracking system and that administration of the system is controlled by the Document Custodian
|                                               | p. Notification to Fannie Mae when users of the Fannie Mae Certification application cease to be authorized users.
|                                               | q. Certification that Fannie Mae is listed in the “controller” and “location” fields for eNotes (eNote Document Custodians only)
|                                               | r. Follow-up and receipt of original Form 3269 Balloon Loan Modifications and verification that the document is endorsed in blank (RDC Section 8.5)
|                                               | s. Process for monthly QC
|                                               | t. Recertification of documents
|                                               | u. For Document Custodians operating under the Form 2017, a process for handling rejected loans in all loan states (pending, certified, qualified-cert and revised).
|                                               | v. Other
|                                               | 2. Through staff interview and observation, verify that employees have access to and follow written procedures. |

| Practices - Certification | 1. Sit with certification staff to review certification practices. Assure that these practices meet Fannie Mae’s requirements and the Document Custodian’s documented procedures. Observe and document any process change or enhancements since previous review/audit.
|                           | 2. Verify and document the certification method used by the Document Custodian
|                           | a. If certification is performed on an "As Submitted" basis: |
i. Request evidence to show that certification is performed against Loan Data obtained from the Fannie Mae certification application to be used based on the applicable Custodial Agreement.

ii. Request evidence to show that all Fannie Mae-required fixed and adjustable rate certification fields are included in the data comparison.
   b. If pre-submission certification (meaning that certification is performed prior to submission of Loan Data to Fannie Mae) is performed using Lender data:
      i. Request evidence to show that data used in pre-submission certification is compared to Loan Data obtained from the Fannie Mae certification application to be used based on the applicable Custodial Agreement prior to certification. This comparison may be an automated comparison (for cash loans, pre-submission data from Loan Delivery should be used). Any exceptions should have been noted and communicated to the Lender for resolution prior to transmission of a certification status to Fannie Mae.
      ii. Request evidence to show that all the Fannie Mae-required data fields are included in the data certification process and in the data comparison, if applicable, including the Bailee Letter name and/or the Form 2004A name.
      iii. Request evidence that demonstrates how the Document Custodian ensures that all pre-certified loans are in their possession at the time of loan certification.
      iv. Request evidence that demonstrates how the Document Custodian ensures that all loans identified as Fannie Mae deliveries are not allocated to any other investor.

3. Request evidence that the Document Custodian retrieved and uploaded the Fannie Mae loan number to its tracking system.

4. Request evidence that the Document Custodian tracks all loans with the applicable MIN or paper assignment.

5. Request evidence to show that the Document Custodian validates all Lender data corrections in the applicable Fannie Mae certification application and that the Document Custodian has updated its tracking system as applicable to reflect the corrections.

6. Request evidence to show that the Document Custodian has ongoing feedback and communication regarding outstanding items with its Lender customers.

7. Verify that all notes are endorsed in blank from the Lender.

8. If facsimile signatures are used on blank endorsements:
   a. Obtain and review the Corporate Resolution recognizing the use of such signatures.

9. If the Document Custodian certifies and holds Fannie Mae cash loans under a Form 2003 Custodial Agreement, review the documentation that supports that:
   a. The Document Custodian sends a cash certification status to the Lender; and,
   b. The Document Custodian maintains records of these notifications.

10. If the Document Custodian certifies and holds loans delivered as Long Term Standby Commitment (LTSC) Class I and/or Class IV, review the documentation that supports that:
    a. The Document Custodian communicates certification status to the Lender; and,
    b. The Document Custodian identifies LTSC Class I and/or Class IV loans in their tracking system with Fannie Mae as the investor after loans are funded.

11. Review the Document Custodian’s practices and policies to assure that all practices and procedures comply with Fannie Mae requirements and any updates are promptly incorporated.

12. If the Document Custodian certifies eNotes, verify that the Document Custodian’s certification practice includes validation that Fannie Mae is listed in the “controller” and “location” fields for all eNotes.

13. Review the Document Custodian’s procedure and tracking process to assure that the Document Custodian has a process in place to ensure receipt of the original Form 3269...
(Balloon Loan Modification Agreement, endorsed to blank) when certification was based on a certified true copy of this document.

| Practices - Custody | 1. Ask the Document Custodian to provide an overview and walk through of the system they use to track the physical location of all Fannie Mae documents and files. Determine if the system has sufficient controls in place or document any gaps.  
2. Determine if the Document Custodian is able to identify Fannie Mae loans by a physical location and/or through use of a document tracking system.  
3. Verify that appropriate access controls are in place to protect the document tracking system from unauthorized viewing and updating.  
4. Select a pool, or small sample of loans, and request that the Document Custodian locate and retrieve the loans successfully and timely. This is in addition to the loan sample. |
| Practices - Funding | 1. If indicated in the executed Form 2001 that Bailee letters are delivered to the Document Custodian request evidence that shows that the Document Custodian has a process in place to withhold certification until Fannie Mae has validated and approved the wiring instructions if operating under a Form 2003 or 2010 Custodial Agreement.  
2. Inquire if the Document Custodian issues trust receipts. If yes, obtain evidence that loans are removed from the trust receipts prior to certification.  
3. Inquire if loans are funded through a warehouse line prior to sale to Fannie Mae. If yes, obtain evidence that Bailee letters are submitted to Fannie Mae or release of interest prior to certification if operating under a Form 2003 or 2010 Custodial Agreement.  
4. Inquire if loans are funded through a FHLM prior to sale to Fannie Mae. If yes, obtain evidence of release of interest prior to certification via Form 2004A.  
5. Inquire if the Document Custodian has knowledge of, or operational involvement in, satisfying prior creditor interests of Fannie Mae loans. If yes, verify that:  
   a. The Document Custodian has a process in place to ensure that the loans are released prior to funding  
   b. The process is documented in a procedure.  
   c. The procedure is testable. |
| Practices - Releases | 1. Observe the custody staff to conduct a review of document release practices.  
2. Verify that the Document Custodian receives a Form 2009 (Request for Release of Documents) or equivalent prior to document release. Further verify that the form:  
   a. Contains all the required data elements.  
   b. Is maintained in either hard copy or electronic format.  
      i. If electronic, verify that the Form can be printed in a suitable format upon request.  
3. Request evidence to show that releases are processed only when the Form is signed and dated by authorized personnel.  
4. Request evidence to show that the Document Custodian includes either Form 2009 or a loan manifest with the release package.  
5. Request evidence to show that the Document Custodian is tracking documents that have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days.  
6. Request evidence to show that the Document Custodian has provided a report to Fannie Mae twice a year that identifies all Mortgage Loans for which Documents have been released for non-liquidation purposes for more than 180 days. |
| Practices - Transfers | 1. Inquire if the Document Custodian processed incoming document transfers (including servicing transfers). If yes, document the following:  
   a. Evidence of the recertification completion date(s).  
   b. Evidence the Document Custodian began a reconciliation of Documents to a loan trial balance within 30 days of receipt of the Loan Data and at least some of the Documents, including a Form 2009 when a loan has been released for nonliquidation purposes. |
c. Evidence that the Document Custodian completes the recertification of loans within the 6-month period required by Fannie Mae.

d. Evidence of tracking system’s ability to indicate whether loans have been recertified following an incoming transfer.

e. Evidence that all Mortgage Loans received as a result of a transfer have been reported to Fannie Mae via a “Recert Start” and “Recert Completion” file.

2. Inquire if the Document Custodian has any transfer recertifications that remain open, including any for transfers with effective dates prior to the review period.

   a. If yes, what were the initial due dates? Have the due dates passed?
   
   b. Does the Document Custodian have evidence of an extension approved for any expired due dates? Obtain evidence.
   
   c. For each outstanding transfer recertification not granted an extension, please document the following:

      i. Log number and effective date of transfer.
      
      ii. Transferor servicer and transferee servicer.
      
      
      iv. Outstanding issues.

3. Verify that document recertification procedures exist:

   a. Review the written procedures to assure that they meet Fannie Mae’s requirements as specified in the Requirements for Documents Custodians, sections 11-14.

4. Through staff interviews and observation, verify that employees have access to and follow written transfer recertification procedures.

Practices – Monthly QC

1. Verify that the Document Custodian has a monthly QC process in place at each location that certifies loans.

2. Request evidence that for each monthly QC over the past 12 months, the following documents have been retained:

   a. Loan sample list (including all product type to include eNotes and certifier)
   
   b. Findings Report
   
   c. Evidence that the Findings Report was reviewed by document custody management staff
   
   d. Remediation evidence for all issues identified

3. Verify that the Document Custodian’s documented procedures for the monthly QC include details on how to determine the loan sample size. Verification should include the method used for the regular monthly QC sample and the method(s) used when additional sampling is required (added) if:

   a. The previous three months QC identified systemic errors or errors related to an individual certifier.

   b. The overall error rate exceeds 3% for three-consecutive months.

4. Provide a summary of the method(s) used to determine sample size.

5. Verify that the monthly QCs for the previous 12 months meet the sample size requirements outlined in the Document Custodian’s documented procedures.

Business Continuity and Disaster Recovery

1. Request evidence of the existence of the Document Custodian’s (or affiliated entities) written business continuity/disaster recovery plan.

2. Ensure the plan:

   a. Identifies critical functions, resources dependencies, and emergency contacts.

   b. Includes internal and external communication procedures and responsibility assignments, including a "Call Tree" to identify whom to call during an emergency and in what order.

   c. Includes provisions for off-site retention of critical systems and data file resources.

   d. Outlines a plan for the existing documents in the vault in the event of fire, water damage or any other disaster such that there is a need to move documents to a back-up facility or restore the documents.
19.2 Independent Audit Report Template

Fannie Mae Document Custodian Review of
FINANCIAL INSTITUTION NAME

Review Dates: ________________
Audit Period: ________________

Participants:

NAME OF AUDIT FIRM  
NAME OF AUDITOR

DOCUMENT CUSTODIAN (OFFICER) PRINTED NAME & TITLE

This report was prepared by ______________________, on behalf of ______________________.
(LEAD AUDITOR NAME)  
(INDEPENDENT AUDIT FIRM)

By signing here, ______________________ certifies that the review validated all items included
(INDEPENDENT AUDIT FIRM)
in the Minimum Audit Requirements set forth in section 18.1 of Fannie Mae’s Requirements for Document
Custodians.

(SIGNATURE)

The chart below outlines specific areas assessed and identifies those areas requiring further action.
Exceptions and related action items are further detailed under Sec. 1 and 2A – 2P of this report.

(Please check as applicable)

<table>
<thead>
<tr>
<th>Scope of Audit</th>
<th>No Follow-Up Required</th>
<th>Follow-up Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1: Quality Review on a Statistically Valid Sample of Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 2: Eligibility and Operational Requirements Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. General Document Custodian Data</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. General Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Regulation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Reporting &amp; Organizational Structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Financial Ratings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Trust Powers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION 1: QUALITY REVIEW ON A STATISTICALLY VALID SAMPLE OF LOANS

1. Loan sample (Note: Should not include loans re-certified as a result of servicing transfers)
   a. Loan Count Sample Size: (_______)
   b. Identified Product Types included in sample:
      (____) FRM; (____) ARM; (____) Interest Only; (____) CEMA; (____) Co-Op; (____) eNotes;
      (____) Other - specify

2. Following full certification of loan sample:
   Were any issues identified? YES/NO
   a. Were the issues identified documented in Sec.1.3? YES/NO
   b. Were copies of the related documents obtained and attached? YES/NO
   c. Were the issues identified communicated to the Document Custodian for remediation? YES/NO

3. Please complete the charts for the errors identified in the loan sample:

   I. Document and Data Errors Summary

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Adjustable</th>
<th>Fixed</th>
<th>MBS</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Requested</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loans Released/Transferred Out</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loans Reviewed</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Standard Document Errors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Standard Document Error Rate</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Standard Data Errors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Standard Data Error Rate</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Combined Document + Data Errors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Combined Error Rate</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

   * Total Loans Reviewed = Total Loans Requested – Total Loans Released/Transferred Out
* Standard Document Error Rate = Standard Document Errors / Total Loans Reviewed  
* Standard Data Error Rate = Standard Data Errors / Total Loans Reviewed

## II. List of Document Errors

<table>
<thead>
<tr>
<th>Seller/Servicer Number</th>
<th>Pool/ Contract</th>
<th>FNMA Loan Number</th>
<th>Lender Loan Number</th>
<th>Error Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Please attach a separate spreadsheet to list additional document errors. All exceptions must be reported using Fannie Mae loan numbers.

## III. List of Data Errors

<table>
<thead>
<tr>
<th>Seller/Servicer Number</th>
<th>Pool/ Contract</th>
<th>FNMA Loan Number</th>
<th>Lender Loan Number</th>
<th>Error Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Please attach a separate spreadsheet to list additional data errors. All exceptions must be reported using Fannie Mae loan numbers.

## IV. List of Released Loans

<table>
<thead>
<tr>
<th>Seller/Servicer Number</th>
<th>Pool/ Contract</th>
<th>FNMA Loan Number</th>
<th>Lender Loan Number</th>
<th>Reason for Release</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please attach a separate spreadsheet to list additional releases. All exceptions must be reported using Fannie Mae loan numbers.

a. For issues remediated prior to the conclusion of the audit, please indicate:

**Action taken by Document Custodian**

----------------------------------------------------------------------------------------
Copy of the evidence attached as supporting documentation: ______________________________

Date of Remediation: __/__/__

b. For outstanding remediation items, please indicate:

Action to be taken by Document Custodian

Copy of the documents evidencing the finding: ______________________________

Expected Remediation Date: __/__/__

c. For identified releases, please indicate:

Copy of Form 2009 attached as evidence ____________________________

SECTION 2: ELIGIBILITY AND OPERATIONAL REQUIREMENTS COMPLIANCE

A. GENERAL DOCUMENT CUSTODIAN DATA

1. Number of Fannie Mae loans on-hand ______________

2. Review of Form 2001
   a. Document Custodian (DC) operates under the following custodian waivers:
      • __________________________________________________________
      • __________________________________________________________
      • __________________________________________________________
   b. The following waivers have been granted to the identified Seller/Servicer(s):
      • __________________________________________________________
      • __________________________________________________________
      • __________________________________________________________

3. Does the DC have appropriate controls in place to ensure compliance with all active waivers (Document Custodian and/or Lender)? YES/NO
   a. List all controls currently in place for DC and Lender:
      • __________________________________________________________
      • __________________________________________________________
b. List all instances of non-compliance identified.
   •
   •

Date and evidence of completion

4. Does the DC have outstanding issues related to its tracking of issues related to regulatory reviews, compliance reviews, self-reported operational incidents, internal audit reviews, or SLAs that have not been met? YES/NO
   a. List all outstanding issues that have not yet been resolved:
      •
      •
      •

5. Previous audit information
   a. List all findings from the audit performed in the last year:
      •
      •
      •
   b. List outstanding issues from the audit performed in the last year:
      •
      •
      •

6. Did the Document Custodian provide evidence that it performed a reconciliation with its servicer(s) of all loans certified before October 1, 2015? YES/NO
   Date and evidence of completion

B. GENERAL COMPLIANCE

1. List all executed Custodial Agreements between the Document Custodian and each of its Fannie Mae lender customers
   •
   •
   •

2. List all applicable waivers/variances
   a. Letter of Instructions (LOI) – Waiver(s)/variance(s) granted to Seller(s):
      •
      •
      •
b. Exhibit A to Master Custodial Agreement – Waiver(s)/variance(s) granted to Document Custodian:

- 
- 
- 

3. Were staff interviews performed? YES/NO

- Did staff seem well trained and knowledgeable with loan certification procedures and Fannie Mae methods? YES/NO

If “No”, document any exceptions noted regarding the Document Custodian’s general compliance.

State the issue/problem:

Document Custodian Action Item:

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

C. REGULATION

1. Did Document Custodian provide evidence of their regulator(s)? YES/NO

List the Document Custodian’s regulator (Example: FDIC, FRB, OCC, NCUA, etc.):

- 
- 

2. Name of the regulated institution:

- 
- 

3. Regulated institution relationship to Document Custodian:

- 
- 

4. Is the Document Custodian subject to periodic reviews performed by the primary regulator? YES/NO

a. If “Yes”, please indicate the frequency and date of last review:

- Frequency: 
- Date: 
D. REPORTING AND ORGANIZATIONAL STRUCTURE

1. Was DC organizational structure reviewed?  YES/NO
   a. Does DC operate as a physically separate department?  YES/NO
   b. Are duties completely segregated between lending and custodian activities?  YES/NO
   c. Does DC maintain separate personnel, files and operations?  YES/NO

Document any exceptions noted during the review of DC’s reporting and organizational structure.

State the issue/problem: _______________________________________________________________

Document Custodian Action Item: __________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: ___/___/___

2. Is this a Lender or affiliate of a Lender acting as custodian for Fannie Mae?  YES/NO
   a. If “Yes”, indicate whether:
      • Lender - __________________________________________________
      • Affiliate to Lender - __________________________________________

E. FINANCIAL RATINGS

1. Current Ranking and Ratings
   a. IDC: (___ eff. ___/___) Evidence provided? YES/NO  RDC Criteria Met? YES/NO
   b. KROLL: (___ eff. ___/___) Evidence provided? YES/NO  RDC Criteria Met? YES/NO
   c. Moody’s: (___ eff. ___/___) Evidence provided? YES/NO  RDC Criteria Met? YES/NO
   d. Alternate: (___ eff. ___/___) Evidence provided? YES/NO  RDC Criteria Met? YES/NO

   • What is the frequency in which Document Custodian reviews financial rating(s)?
     __________________________________________________
   • Are there procedures in place to monitor financial ratings?  YES/NO

Were there any exceptions noted regarding financial ratings?  YES/NO

State the issue/problem: _______________________________________________________________

Document Custodian Action Item: __________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: ___/___/___
F. TRUST POWERS

1. If the DC is a self/affiliated custodian, does it have an independent custody department established and operated under the trust powers granted by its primary regulator? YES/NO
   a. If “Yes”, is evidence of Trust Powers obtained? YES/NO
   b. If “Yes”, is evidence of Trust Powers attached? YES/NO

Were there any exceptions noted regarding trust powers? YES/NO

State the issue/problem: ____________________________________________________________

Document Custodian Action Item: ______________________________________________________

(Stat the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

2. Are there custodial officers authorized to act on behalf of the institution in a trust capacity? YES/NO
   a. If “Yes”, please list:
      • ____________________________________________
      • ____________________________________________
      • ____________________________________________

G. INSURANCE COVERAGE

1. Errors and Omissions (E&O) Insurance Coverage: RDC Criteria Met? YES/NO
   a. Amount of Policy __________________________
   b. Amount of Deductible _________________________
   c. Deductible as Percentage of Face _________________________
   d. Policy Expiration Date _________________________

2. Financial Institution Bond (FIB) Insurance Coverage: RDC Criteria Met? YES/NO
   a. Amount of Bond Coverage _________________________
   b. Amount of Deductible _________________________
   c. Deductible as Percentage of Face _________________________
   d. Policy Expiration Date _________________________

3. Insurance carrier rated by: RDC Criteria Met? YES/NO
   a. A.M. Best Company YES/NO/NA Current rating: ______
   b. Standard and Poor’s Inc. YES/NO/NA Current rating: ______
Were there any exceptions noted regarding insurance coverage?  YES/NO

State the issue/problem: ______________________________________________________________

Document Custodian Action Item:

________________________________________________________________________________
( State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

H. PHYSICAL FACILITIES

1. Describe observation to support evidence that storage facilities are fire-resistant with at least 2 hours of fire protection:
   ______________________________________________________________________________

2. Is vault facility in a limited access area?  YES/NO
   ______________________________________________________________________________

3. Is Document Custodian able to account for the control of:
   a. Keys  YES/NO
   b. Access  YES/NO
   c. All external vault exits  YES/NO

4. Are there procedures in place for:
   a. Granting vault access on an as needed basis?  YES/NO
   b. Removing vault access for employees who no longer require access?  YES/NO
   ______________________________________________________________________________
   ______________________________________________________________________________
   (Comment on the existing controls)

5. Are the documents stored in a secured location while awaiting filing?  YES/NO
   ______________________________________________________________________________
   ______________________________________________________________________________
   (Describe observations about storing documents while awaiting filing)

6. Did the review and observation confirm vault’s primary access control?  YES/NO

7. Did the review and observation confirm vault’s secondary access control?  YES/NO
   ______________________________________________________________________________
   ______________________________________________________________________________
   (Describe observations about the vault’s security/access - how dual control requirements are met)

8. Are controls in place to prevent unauthorized access by non-custodian employees to custodial facilities and systems?  YES/NO
   a. Were the controls tested?  YES/NO
Were there any exceptions noted regarding physical facilities?  YES/NO

State the issue/problem: ____________________________________________________________

Document Custodian Action Item:
______________________________________________________________________________

______________________________________________________________________________

(STATE the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

I. OFF-SHORING/OUTSOURCING

1. Did the Document Custodian complete an Off-Shoring/Outsourcing Questionnaire and was the information current?  YES/NO

2. Did the Document Custodian notify Fannie Mae of any changes to the Questionnaire?  YES/NO

Were there any exceptions noted regarding off-shoring/outsourcing?  YES/NO

State the issue/problem: __________________________________________________________

Document Custodian Action Item:
______________________________________________________________________________

______________________________________________________________________________

(STATE the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

J. WRITTEN PROCEDURES FOR CERTIFICATION & CUSTODY

1. Do the written procedures meet Fannie Mae’s requirements?  YES/NO

   List of written procedures reviewed:
   a. Receipt of documents  YES/NO/NA
   b. Registration into the document tracking system  YES/NO/NA
   c. Certification of all required data elements depending upon the requirement of the applicable Custodial Agreement  YES/NO/NA
   d. Verification of all required documents  YES/NO/NA
   e. Process for certification and custody of Fannie Mae cash loans, if applicable  YES/NO/NA
   f. Process for certification and custody of Fannie Mae LTSC Class I and/or Class IV loans, if applicable  YES/NO/NA
   g. Bailee letter processing, if applicable, depending upon the requirement of the applicable Custodial Agreement  YES/NO/NA
h. Satisfaction of prior creditor interests in Fannie Mae loans, if applicable

I. Process for handling missing/incorrect documents and/or data errors found during the document-to-data review (including communication, tracking, and follow-up until certification or removal)

j. Document release practices (including execution of Form 2009)

k. Document reinstatement

l. Servicing transfers (in and out)

m. Details regarding how vault access is controlled and secured

n. Process for moving documents within vault/file room as loans are sold to investors

o. Process for granting/removing/periodic review (at least annually) of authorized access to the document tracking system and administration of the system is controlled by the Document Custodian

p. Notification to Fannie Mae when users of the DocCert application cease to be authorized users

q. Certification that Fannie Mae is listed in the "controller" and location fields for all eNotes (eNotes Document Custodians only)

r. Follow-up and receipt of original Form 3269 Balloon Loan Modifications and verification that the document is endorsed in blank

s. Process for monthly QC

t. Recertification of documents

u. Process for handling rejected loans in all loan states

v. Other

2. Through staff interview and observation the following was verified:

a. The employees are familiar with the written procedures

b. The employees have access to and follow the procedures

Were there any exceptions noted regarding written procedures? YES/NO

State the issue/problem: __________________________________________________________

Document Custodian Action Item:

_________________________________________________________________________________

_________________________________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/__

K. PRACTICES: CERTIFICATION

1. Do the certification practices meet the RDC requirements? YES/NO

   • Was staff observation performed to ensure procedures are properly followed? YES/NO
     o Was there an observation of any process changes or enhancements since the previous review/audit? YES/NO
2. Verify and document the certification method used by the Document Custodian if:
   - “As submitted” – answer Sec. a
   - “Pre-submission” – answer Sec. b

   a. “As submitted”
      - Was evidence obtained to confirm that the Document Custodian’s certification is performed against Loan Data extracted from the Fannie Mae certification application to be used based on the applicable Custodial Agreement? YES/NO
      - Was evidence obtained to show that all Fannie Mae required fixed or adjustable rate certification fields were included in the data comparison? YES/NO

   b. “Pre-submission”
      - Was evidence obtained to show that the Document Custodian’s pre-submission certification is performed against Loan Data obtained from the Fannie Mae certification application to be used based on the applicable Custodial Agreement, including the Bailee Letter name and/or the Form 2004A name if applicable? YES/NO
      - Were there any differences from the comparison of Lender data? YES/NO
      - Does evidence include all Fannie Mae required fixed or adjustable rate certification fields in the data comparison? YES/NO
      - Does evidence demonstrate the pre-certified loans are in Document Custodian’s possession at the time of certification? YES/NO
      - Does evidence demonstrate the Fannie Mae loan deliveries are not allocated to any other investor? YES/NO

3. Does evidence demonstrate the Document Custodian retrieved and uploaded Fannie Mae loan number to its tracking system? YES/NO

4. Does evidence demonstrate the Document Custodian tracks all loans with the applicable MIN or paper assignment? YES/NO

5. Was evidence obtained to confirm validation of all Lender data corrections in the applicable Fannie Mae certification application and that the Document Custodian has updated its tracking system as applicable to reflect the corrections? YES/NO

6. Was evidence obtained to show that Document Custodian maintains ongoing feedback and communication with Lenders regarding outstanding items? YES/NO

7. Are all notes endorsed in blank from Lender? YES/NO

8. Does the seller use facsimile signatures on blank endorsements? YES/NO
a. If “Yes”, did the Document Custodian present the Lender’s corporate resolution that authorizes the use of facsimile signatures? YES/NO

   a. If “Yes”, does the Document Custodian send notification of cash certification status to the Lender? YES/NO
   b. Does the Document Custodian maintain cash certification notifications either in hard copy or electronic form? YES/NO

   (Briefly explain requested evidence and performed review)

10. Does the Document Custodian certify and hold loans delivered as LTSC (Long Term Standby Commitment) Class I or Class IV? YES/NO
    a. If “Yes”, does the Document Custodian have a practice for communicating the certification status back to the Lender? YES/NO
    b. Does custodial tracking system reflect Fannie Mae as investor after funding? YES/NO

   (Briefly explain requested evidence and performed review)

11. Does the Document Custodian periodically review their practices and procedures to ensure compliance with Fannie Mae’s requirements? YES/NO

12. If the Document Custodian certifies and holds eNotes, is Fannie Mae listed in the “controller’ and “location” fields for all eNotes? YES/NO/NA

13. Does the Document Custodian have a process in place to ensure eventual receipt of the original Form 3269 – Balloon Loan Modification Agreement (endorsed to blank) is received when certification was based on a certified true copy of this document? (RDC sec.8.5) YES/NO

Were there any exceptions noted regarding certification practices? YES/NO

State the issue/problem: ____________________________________________________________

Document Custodian Action Item:

________________________________________________________________________________

(Statethe specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: / /
L. PRACTICES: CUSTODY

1. Does the Document Custodian maintain an effective tracking system to keep track of the physical location of documents and files? YES/NO

   (Briefly explain requested evidence and performed review)

2. Can the Document Custodian identify Fannie Mae loans by physical location and/or through internal system identification? YES/NO

   (Briefly explain requested evidence and performed review)

3. Are appropriate access controls in place to protect the system from unauthorized viewing and updating? YES/NO

   (Briefly explain requested evidence and performed review)

4. Was the Document Custodian able to assemble the requested sample of loans? YES/NO

   • Did the Document Custodian locate and retrieve loans successfully and timely? YES/NO

   (Briefly explain requested evidence and performed review)

Were there any exceptions noted regarding custody practices? YES/NO

State the issue/problem: ____________________________________________________________

Document Custodian Action Item: ______________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __/__/___

M. PRACTICES: FUNDING

1. Are loans delivered to the Document Custodian under Bailee letters? YES/NO

   a. If “Yes”, is there a process in place to withhold certification until wiring instructions are validated and approved by Fannie Mae if operating under a Form 2003 or 2010 Custodial Agreement? YES/NO

2. Does the Document Custodian issue trust receipts? YES/NO
a. If “Yes”, was evidence provided to confirm that loans are removed from trust receipts prior to certification? YES/NO

(Briefly explain requested evidence and performed review)

3. Are loans funded through a warehouse line prior to sale to Fannie Mae? YES/NO
   a. If “Yes”, was evidence provided that Bailee letters are submitted to Fannie Mae or was evidence provided of release of interest prior to certification if operating under a Form 2003 or 2010 Custodial Agreement? YES/NO

(Briefly explain requested evidence and performed review)

4. Are loans funded through a FHLB prior to sale to Fannie Mae? YES/NO
   a. If “Yes”, was evidence provided of release of interest prior to certification via Form 2004A? YES/NO

(Briefly explain requested evidence and performed review)

5. Does Document Custodian have knowledge or operational involvement in satisfying prior creditor interests of Fannie Mae loans? YES/NO, If “Yes”:
   a. Is there a process in place to ensure loan release prior to funding? YES/NO
   b. Is the process documented in a procedure? YES/NO
   c. Is the procedure testable? YES/NO

(Briefly summarize any process changes or enhancements that have occurred since the previous review)

Were there any exceptions noted regarding funding practices? YES/NO
State the issue/problem: ________________________________________________________________

Document Custodian Action Item: ________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: ___/___/___

N. PRACTICES: RELEASES

1. Was the document release process observed? YES/NO
2. Does the Document Custodian receive and file a Form 2009 (Request for Release of Documents) or equivalent prior to document release?  YES/NO
   a. The form contained all required data elements  YES/NO
   b. The form is maintained in:
      • Hard Copy  YES/NO
      • Electronic format which can be printed in suitable format upon request  YES/NO

3. Are releases processed only when the Form 2009 is signed/dated by authorized personnel prior to submittal to Document Custodian?  YES/NO

(Briefly explain requested evidence and performed review)

4. Does the Document Custodian include Form 2009 or loan manifest with the release package that is sent to the requestor?  YES/NO

(Briefly explain requested evidence and performed review)

5. Does the Document Custodian have a process in place to show that documents that have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days are being tracked and do they provide it to Fannie Mae twice per year?  YES/NO

(Briefly explain requested evidence and performed review)

6. Did the Document Custodian provide a report to Fannie Mae twice a year that identified all Mortgage Loans for which Documents have been released for non-liquidation purposes for more than 180 days.  YES/NO

(Briefly explain requested evidence and performed review)

Were there any exceptions noted regarding release practices?  YES/NO

State the issue/problem: ________________________________________________________________

Document Custodian Action Item:

______________________________________________________________

______________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date:__/__/__
O. PRACTICES: TRANSFERS

1. Does Document Custodian process incoming servicing transfers?  YES/NO

   If “Yes”, was there evidence of:
   a. Recertification completion date  YES/NO
   b. Began reconciliation of documents to loan trial balance within 30 days of receipt of Loan Data and at least some of the Documents, including a Form 2009 when a loan has been released for nonliquidation purposes.  YES/NO
   c. Completion of recertification within 6 months, as required by Fannie Mae  YES/NO
   d. Tracking system ability to indicate whether loans have been recertified, following incoming transfers  YES/NO
   e. All Mortgage Loans received as a result of a transfer have been reported to Fannie Mae via a “Recert Start” and “Recert Completion” file  YES/NO

2. Were the recertification procedures documented?  YES/NO

   If “Yes”, did the procedures include at the minimum the recertification process steps listed in RDC sections 11-14?  YES/NO

3. Does Document Custodian have any servicing transfer recertifications that remain open, including any for servicing transfers with effective dates prior to the review period?  YES/NO

   If “Yes”, for each open recertification, provide the following information:
   a. Identify the initial due date: ______________________
   b. Has the due date passed?  YES/NO
   c. If the due date has passed, does the Document Custodian have evidence of an approved extension?  YES/NO
   d. Log number: __________
   e. Effective date of transfer: __________
   f. Name of transferor servicer: ____________________
   g. Name of transferee servicer: ____________________
   h. Original document custodian: ____________________
   i. New document custodian: ______________________
   j. Describe outstanding issues: _____________________

4. Does Document Custodian follow the servicing transfer recertification procedures?  YES/NO

   Were there any exceptions noted regarding transfer practices?  YES/NO

   State the issue/problem: ____________________________________________________________
   ____________________________________________________________

   Document Custodian Action Item:
   ____________________________
   ____________________________

   (State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

   Action Item Resolution Date:__/__/__
### P. PRACTICES: MONTHLY QC

1. Did the Document Custodian have an established monthly QC process in effect since October 2012?  YES/NO

2. Does the Document Custodian perform monthly QC?  YES/NO
   
   Was there evidence to show the retention of the following documents:
   
   a. Loan sample list (including all product type to include eNotes and certifier)  YES/NO
   b. Findings reports          YES/NO
   c. Review of findings by management staff    YES/NO
   d. Remediation evidence      YES/NO

3. Did the documented QC procedures include details on loan sample size selection?  YES/NO
   
   a. Was there evidence to show the method used for regular monthly QC sample?  YES/NO
   b. Was there evidence to show the method used when additional sampling is required due to:
      
      - Identified systemic or certifier errors?  YES/NO
      - Overall error rate exceeding 3% for three consecutive months?  YES/NO
   c. Can the method used to determine the sample size be summarized clearly for another user to follow?  YES/NO

4. Did the Document Custodian follow the documented procedure for obtaining QC sample size in the last 12 months?  YES/NO

<table>
<thead>
<tr>
<th>Were there any exceptions noted regarding monthly QC practices?</th>
<th>YES/NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>State the issue/problem:</td>
<td></td>
</tr>
</tbody>
</table>

**Document Custodian Action Item:**

___________________________________________________________

(Provide the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

**Action Item Resolution Date:** __/__/____

### Q. BUSINESS CONTINUITY AND DISASTER RECOVERY

1. Does the Document Custodian have written business continuity/disaster recovery plan?  YES/NO

2. Was there evidence to show that the plan:
   
   a. Identifies critical functions, resource dependencies, and emergency contacts?  YES/NO
   b. Covers internal and external communication procedures and responsibility assignments, including a “Call Tree” identifying order and whom to call during an emergency?  YES/NO
   c. Includes provisions for off-site retention of critical systems and data files?  YES/NO
   d. Outlines a plan for the existing documents in the vault in the event of fire, water damage or any other disaster such that there is a need to move documents to a back-up facility or restore the documents?  YES/NO
e. Includes alternate:
   - processing facilities  YES/NO
   - network capabilities  YES/NO
   - telecommunication capabilities  YES/NO
f. Covers restoration of facilities and backup and recovery of data processing systems?  YES/NO
g. Outlines a plan in the event MERS becomes inoperable?  YES/NO
h. Includes recovery strategies for a loss of facility, personnel, technology and third parties  YES/NO

3. Was evidence obtained to confirm that the business continuity/disaster recovery plan is tested annually?  YES/NO
   - Date of last test performed: __________________

Were there any exceptions noted regarding disaster recovery?  YES/NO

State the issue/problem: __________________________________________________________

Document Custodian Action Item:

________________________________________________________

________________________________________________________

(State the specific remedial requirement, including the documentation the Document Custodian must receive and the documentation the Document Custodian must provide to Fannie Mae to clear the exceptions)

Action Item Resolution Date: __ / __ / __