



Fannie Mae®

Independent Audit Requirements for Document Custodians (IARDC)

February 2020



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1 Document Revision History

Date	Version	Change Description
February 2020	1.0	Initial Creation

2 Independent Audit Requirements

The independent auditor must document that it has 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

<p>Complete a loan sample test to ensure the quality of certification practices and procedures.</p>	<ol style="list-style-type: none"> 1. Retrieve a loan sample from Fannie Mae. 2. Complete a full certification of all loans in the sample following the certification guidelines established in Fannie Mae’s <i>Requirements for Document Custodians</i>, while taking into account previously granted waivers that are documented in existing Letters of Instruction or Exhibit A to the Custodial Agreement. <ol style="list-style-type: none"> a. Document any issues discovered for inclusion in the Findings Report. 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: <ol style="list-style-type: none"> a. Identify each error discovered b. Establish error rates for: <ol style="list-style-type: none"> 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.
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Section 2: Examine each of the following to ensure compliance with Fannie Mae’s eligibility and operational requirements including, but not limited to:

<p>General Custodian Data</p>	<ol style="list-style-type: none"> 1. Request and review executed Form 2001 (<i>Annual Statement of Eligibility for Document Custodians</i>) for any existing waivers granted to the: <ol style="list-style-type: none"> a. Document Custodian b. Lender (related to certification) 2. Verify that the Document Custodian has appropriate controls in place to ensure compliance with all active waivers (Document Custodian and/or Lender). <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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).
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General Compliance	<ol style="list-style-type: none"> 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.
Reporting and Organizational Structure	<ol style="list-style-type: none"> 1. Review Document Custodian organizational structure. <ol style="list-style-type: none"> 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.
Trust Powers	<ol style="list-style-type: none"> 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.
Physical Facilities	<ol style="list-style-type: none"> 1. Observe that the location and layout of the vault facility effectively limit access to the area. 2. Verify that the Document Custodian is able to account for the control of the keys, access to, and all external vault exits. 3. 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. <ol style="list-style-type: none"> a. Verify there are procedures in place for terminating the access of employees who no longer need access. 4. Observe the location in which documents are stored, while awaiting filing, to assure that it is secure. 5. Review and observe the vault's primary access control. 6. Review and observe that the vault has secondary access control. 7. Review and observe that there are controls in place to prevent unauthorized access by non-custodial employees to custodial facilities and systems.
Written Procedures for Certification and Custody	<ol style="list-style-type: none"> 1. Review the following written procedures to assure that they meet Fannie Mae's requirements, as specified in the <i>Requirements for Document Custodians</i>: <ol style="list-style-type: none"> a. Receipt of documents b. Registration into the document tracking system c. Certification of all required data elements d. Verification of all required documents e. Process for certification and custody of Fannie Mae Long Term Standby Commitment (LTSC) Class I and/or Class IV loans, if applicable f. Bailee letter processing, if applicable g. Satisfaction of prior creditor interests in Fannie Mae loans, if applicable h. 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) i. Document release practices (including execution of Form 2009) j. Document reinstatement k. Servicing transfers (in and out) l. Details regarding how vault access is controlled and secured m. Process for moving documents within vault/file room as loans are sold to investors n. 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 o. Certification that Fannie Mae is listed in the "controller" and "location" fields for eNotes p. Follow-up and receipt of original Form 3269 Balloon Loan Modifications and verification that the document is endorsed in blank (RDC Section 8.5)

	<ul style="list-style-type: none"> q. Process for monthly QC r. Recertification of documents s. Process for handling rejected loans in all loan states (pending, certified, qualified-cert and revised) t. Other
Practices - Certification	<ol style="list-style-type: none"> 1. 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. <ol style="list-style-type: none"> a. If certification is performed on an "As Submitted" basis: <ol style="list-style-type: none"> i. Request evidence to show that certification is performed against Loan Data obtained from the Fannie Mae certification application. ii. Request evidence to show that all Fannie Mae-required fixed and adjustable rate certification fields as wells as servicer name and # (for assignment) 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: <ol style="list-style-type: none"> i. Request evidence to show that data used in pre-submission certification is compared to Loan Data obtained from the Fannie Mae certification application prior to certification. This comparison may be an automated comparison. 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 as wells as Servicer Name and # (for assignment). 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 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 for data exceptions of non-editable fields in Document Certification. 4. Request evidence to show that the Document Custodian has ongoing feedback and communication regarding outstanding items with its Lender customers. 5. Verify that all notes are endorsed in blank from the Lender. 6. If facsimile signatures are used on blank endorsements: <ol style="list-style-type: none"> a. Obtain and review the Corporate Resolution recognizing the use of such signatures. 7. 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: <ol style="list-style-type: none"> a. The Document Custodian communicates certification status to the Lender and Fannie Mae Single Family Custody Operations within the agreed upon SLA; 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. 8. 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. 9. 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.

	<p>10. 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.</p>
Practices - Custody	<ol style="list-style-type: none"> 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. Verify that appropriate access controls are in place to protect Document Certification from unauthorized viewing and updating.
Practices - Funding	<ol style="list-style-type: none"> 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 for circumstances that require the “Bailee Exception Processing” (see Document Custodian Certifications Job Aid). 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 letter Name or 2004A Name is validated in Document Certification prior to certification to Fannie Mae. 4. Inquire if the Document Custodian has knowledge of, or operational involvement in, satisfying prior creditor interests of Fannie Mae loans. If yes, verify that: <ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. 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: <ol style="list-style-type: none"> a. Contains all the required data elements. b. Is maintained in either hard copy or electronic format. <ol style="list-style-type: none"> i. If electronic, verify that the Form can be printed in a suitable format upon request. 2. Request evidence to show that releases are processed only when the Form is signed and dated by authorized personnel. 3. Request evidence to show that the Document Custodian includes either Form 2009 or a loan manifest with the release package. 4. 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.
Practices - Transfers	<ol style="list-style-type: none"> 1. Inquire if the Document Custodian processed incoming document transfers (including servicing transfers). If yes, document the following: <ol style="list-style-type: none"> 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 non-liquidation 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.

	<ol style="list-style-type: none"> 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. <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> i. Log number and effective date of transfer. ii. Transferor servicer and transferee servicer. iii. Original Document Custodian and new Document Custodian. iv. Outstanding issues. 3. Inquire if the Document Custodian performs certification of Mortgage Loans as a part of Concurrent Sale of Servicing transactions. <ol style="list-style-type: none"> a. Is the Document Custodian certifying on behalf of the Seller? b. If yes, does the Document Custodian have an executed Form 2017 Master Custodial Agreement with the new servicer of record? c. If yes, proceed to next section. d. If no, does the Document Custodian have evidence to confirm the Mortgage Loans were shipped to the Transferee Document Custodian within 30 days of certification? 4. Inquire if the Document Custodian performs certification of Mortgage Loans as a part of Concurrent Sale of Servicing transactions. <ol style="list-style-type: none"> a. Is the Document Custodian recertifying on behalf of the Servicer of record? b. If yes, does the Document Custodian have evidence of I-Code request from Fannie Mae? c. Does the Document Custodian have evidence that the respective list of Mortgage Loans was provided to Fannie Mae for each I-Code request? d. Did the Document Custodian submit a Recert Start File and Recert Completion File to Fannie Mae? e. Does the Document Custodian have evidence that recertification for all Mortgage Loans was completed within 30 days of receipt of data & documents?
Practices – Monthly QC	<ol style="list-style-type: none"> 1. Verify that the Document Custodian has a monthly QC process in place at each location that certifies loans. Provide a summary of the QC processes.
Business Continuity and Disaster Recovery	<ol style="list-style-type: none"> 1. Request evidence of the existence of the Document Custodian's (or affiliated entities) written business continuity/disaster recovery plan. 2. Ensure the plan: <ol style="list-style-type: none"> 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. e. Includes alternate processing facilities, and network and telecommunication capabilities. f. Covers restoration of facilities and backup and recovery of data processing systems. g. Outlines a plan in the event MERS becomes inoperable. h. Includes recovery strategies for a loss of facility, personnel, technology and third parties. 3. Request evidence to show that the business continuity/disaster recovery plan is tested at least annually and note the date of the last test.

3 Independent Audit Report Template



PLEASE DO NOT LEAVE ANY YES/NO QUESTIONS BLANK

Fannie Mae Document Custodian Review of (Financial Institution Name): _____

Review Dates: _____ – _____ Audit Period: _____ – _____

Participants:

Name of Audit Firm: _____ Name of Auditor: _____
Signature Field

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 – 2M of this report.

Scope of Audit	No Follow-up Required	Follow-up Required
Section 1: Quality Review on a Statistically Valid Sample of Loans	<input type="checkbox"/>	<input type="checkbox"/>
Section 2: Eligibility and Operational Requirements Compliance	<input type="checkbox"/>	<input type="checkbox"/>
A. General Document Custodian Data	<input type="checkbox"/>	<input type="checkbox"/>
B. General Compliance	<input type="checkbox"/>	<input type="checkbox"/>
C. Reporting & Organizational Structure	<input type="checkbox"/>	<input type="checkbox"/>
D. Trust Powers	<input type="checkbox"/>	<input type="checkbox"/>
E. Physical Facilities	<input type="checkbox"/>	<input type="checkbox"/>
F. Written Procedures for Certification & Custody	<input type="checkbox"/>	<input type="checkbox"/>
G. Practices: Certification	<input type="checkbox"/>	<input type="checkbox"/>
H. Practices: Custody	<input type="checkbox"/>	<input type="checkbox"/>
I. Practices: Funding	<input type="checkbox"/>	<input type="checkbox"/>
J. Practices: Releases	<input type="checkbox"/>	<input type="checkbox"/>
K. Practices: Transfers	<input type="checkbox"/>	<input type="checkbox"/>
L. Practices: Monthly Quality Control (QC)	<input type="checkbox"/>	<input type="checkbox"/>
M. Business Continuity and Disaster Recovery	<input type="checkbox"/>	<input type="checkbox"/>

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

	Total	Adjustable	Fixed	MBS	Cash	ASAP+
Loans Requested						
Loans Released/Transferred Out						
Loans Reviewed						
Standard Document Errors						
Standard Document Error Rate	%	%	%	%	%	%
Standard Data Errors						
Standard Data Error Rate	%	%	%	%	%	%
Combined Document + Data Errors						
Combined Error Rate	%	%	%	%	%	%

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

Seller/Servicer Number	Pool /Contract	Fannie Mae Loan Number	Lender Loan Number	Error Description

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

III. List of Data Errors

Seller/Servicer Number	Pool /Contract	Fannie Mae Loan Number	Lender Loan Number	Error Description

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

IV. List of Released Loans

Seller/Servicer Number	Pool /Contract	Fannie Mae Loan Number	Lender Loan Number	Reason for Release

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

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 Date of Remediation: _____

c. For identified releases, please indicate:

Copy of Form 2009 (*Request for Release/Return of Documents*) attached as evidence Yes No

Section 2: Eligibility And Operational Requirements Compliance

A. General Document Custodian Data

1. Validation of Waivers to Form 2001

a. Document Custodian (DC) operates under the following custodian waivers:

b. The following waivers have been granted to the identified Seller/Service(s):

2. 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 of completion: _____

Evidence of completion: _____

B. General Compliance

1. List all executed Custodial Agreements between the Document Custodian and each of its Fannie Mae Lender Customers

Please attach a separate spreadsheet to list additional executed Custodial Agreements

2. List all applicable waivers/variances

a. Letter of Instructions (LOI) – Waiver(s)/Variance(s) granted to Lender(s):

b. Exhibit A to Master Custodial Agreement- Waiver(s)/Variance(s) granted to Document Custodian:

C. 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: _____

D. 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:

(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. Are there custodial officers authorized to act on behalf of the institution in a trust capacity? Yes No
- a. If "Yes," please list:

E. Physical Facilities

1. Is vault facility in a limited access area? Yes No
2. 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
3. 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:

4. Are the documents stored in a secured location while awaiting filing? Yes No

Describe observations about storing documents while awaiting filing:

5. Did the review and observation confirm vault's primary access control? Yes No

6. Did the review and observation confirm vault's secondary access control? Yes No

Describe observations of how dual control requirements are met for vault security/access:

7. Are controls in place to prevent unauthorized access by non-Document Custodian employees to custodial facilities and systems? Yes No

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: _____

F. Written Procedures For Certification & Custody

- | | |
|--|--|
| 1. Do the written procedures meet Fannie Mae's requirements? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| List of written procedures reviewed: | |
| a. Receipt of documents | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| b. Registration into the document tracking system | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| c. Certification of all required data elements depending upon the requirement of the applicable Custodial Agreement | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| d. Verification of all required documents | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| e. Process for certification and custody of Fannie Mae LTSC Class I and/or Class IV loans (if applicable) | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| f. Bailee letter processing if applicable, depending on the requirement of the applicable Custodial Agreement | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| g. Satisfaction of prior creditor interests in Fannie Mae loans (if applicable) | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| h. 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) | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| i. Document release practices (including execution of Form 2009) | |
| j. Document reinstatement | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| k. Servicing transfers (in and out) | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| l. Details regarding how vault access is controlled and secured | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| m. Process for moving documents within vault/file room as loans are sold to investors | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| n. 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 | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| o. Certification that Fannie Mae is listed in the "controller" and location fields for all eNotes | |
| p. Follow-up and receipt of original Form 3269 (Balloon Loan Modifications) and verification that the document is endorsed in blank | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| q. Process for monthly QC | |
| r. Recertification of documents | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| s. Process for handling rejected loan states | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| t. Other written procedures | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |

Were there any exceptions noted regarding written procedures?

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: _____

G. Practices: Certification

1. Do all certification practices meet the RDC requirements? Yes No

• Was there an observation of any process changes or enhancements since the previous review/audit? Yes No

Briefly explain any process changes or enhancements:

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? Yes No

• Was evidence obtained to show that all Fannie Mae required fixed or adjustable rate certification fields as well as servicer name and # (for assignment) were included in the data comparison? Yes No

Briefly explain requested evidence and performed review:

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, including the Bailee Letter name and/or the Form 2004A name (if applicable) as well as Servicer Name and # (for assignment)? 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

Briefly explain requested evidence and performed review:

3. 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

4. Was evidence obtained to show that Document Custodian maintains ongoing feedback and communication with lenders regarding outstanding items? Yes No

5. Are all notes endorsed in blank from lender? Yes No

6. 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

7. Does the Document Custodian certify and hold loans delivered as Long Term Standby Commitment (LTSC) 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:

8. Does the Document Custodian periodically review their practices and procedures to ensure compliance with Fannie Mae's requirements?

Yes No

9. If the Document Custodian certifies and holds eNotes, is Fannie Mae listed in the "controller" and "location" fields for all eNotes?

Yes No N/A

10. 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) 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:

(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. 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 their 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 document tracking system from unauthorized viewing and updating?

Yes No

Briefly explain requested evidence and performed review:

-
4. Are appropriate access controls in place to protect Document Certification from unauthorized viewing and updating?

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: _____

I. Practices: Funding

1. Are loans delivered to the Document Custodian under Bailee letters? Yes No
- a. If "Yes," was evidence provided that certification is withheld until Fannie Mae has validated and approved the wiring instructions for circumstances that require the "Bailee Exception Processing" (see Document Custodian Certifications Job Aid)? 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 the Bailee letter Name or 2004A Name is validated in Document Certification prior to certification to Fannie Mae? Yes No

Briefly explain requested evidence and performed review:

-
4. Does Document Custodian have knowledge of 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: _____

J. Practices: Releases

1. 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

2. 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:

3. 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:

4. Does the 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 a year? Yes No

Briefly explain requested evidence and performed review:

Were there any exceptions noted regarding releases?

State the issue/problem: Yes No

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: 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 non-liquidation 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. Does 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 "Yes", does the Document Custodian have evidence of an approved extension?

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:

Please attach a separate spreadsheet to list additional outstanding recertifications.

3. Does Custodian perform certification of Mortgage Loans as part of a Concurrent Sale of Servicing transactions?

- a. Is Custodian certifying on behalf of the Seller? Yes No
- b. If "Yes", does the Custodian have an executed Form 2017 Master Custodial Agreement with the new servicer of record?
 - i. Is Custodian recertifying on behalf of the Servicer of record? Yes No
 - ii. If "Yes", does Custodian have evidence of I-Code request from Fannie Mae? Yes No
 - iii. Does Custodian have evidence that the respective list of Mortgage Loans were provided to Fannie Mae for each I-Code request? Yes No
 - iv. Did Custodian submit a Recert Start File and Recert Completion File to Fannie Mae? Yes No
 - v. Does Custodian have evidence that recertification for all Mortgage Loans was completed within 30 days of receipt of data & documents? Yes No
- c. If "No", does Custodian have evidence to confirm the Mortgage Loans were shipped to the Transferee Document Custodian within 30 days of certification? Yes No

Were there any exceptions noted regarding transfers? 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: _____

L. Practices: Monthly QC

1. Provide a summary of the QC processes?

Were there any exceptions noted regarding Monthly QC 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. 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: _____
