



Fannie Mae®

Fannie Mae

Requirements for

Document Custodians

Version 13.0

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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

Date	Version	Description
June 2007	Version 2.0	<p>Updated overall document format</p> <p>Clarified Seller vs. Servicer vs. originating lender where possible</p> <p>1.2 – Added Governance section</p> <p>1.3 – Added Definitions section</p> <p>1.4 – Added additional References section</p> <p>2.1 – Broke out responsibilities by Document Custodian, Servicer, and Seller</p> <p>2.1.1 – Clarified servicing transfer language</p> <p>2.1.2 – Updated language to allow commingling and expected timeframe for notifying COM of custodian changes</p> <p>3.3 – Added section on the new insurance requirements from Announcement 06-10</p> <p>4 – Clarified that the Servicer signs the 2003 in the case of a concurrent sale and if there is a sub-Servicer</p> <p>3 – Updated “dual access controls” information</p> <p>4 – Updated Custodial Agreement info for revised tri-party, etc.</p> <p>5 – Replaced MORNET section with Doc Cert info</p> <p>7.1 & 8.1 – Clarified that the Power of Attorney (POA) must be dated so it was valid at the time the note was signed</p> <p>8 – Clarified the requirement for custodians to verify the data from the Schedule of Mortgages with the documents it receives</p> <p>8.1 – Clarified “payable to” language can vary</p> <p>8.1 – Added note on <i>inter vivos</i></p> <p>8.1 – Clarified the custodian’s responsibility regarding Lost Note Affidavits (LNAs)</p> <p>8.1 – Updated language on allonges</p> <p>8.1 – Clarified that names and titles may be typed or written legibly</p> <p>8.2 – Updated assignment language</p> <p>8.2 – Clarified Mortgage Electronic Recordation System (MERS) Mortgage Identification Number (MIN) requirements</p> <p>8.2 – Added requirements for original mortgage amount, if available and date of mortgage, if available</p> <p>8.7 – Added section on electronic records to complement section on eMortgages</p> <p>8.8 – Added section on special approvals</p> <p>9.1 – Added interest only end date</p> <p>9.1 – Removed ARM plan number and original index value verification requirements</p> <p>12 – Added section on servicing transfers if the custodian does not change</p> <p>13 – Added section on vault moves</p> <p>Exhibit 2 – Updated FAQs</p> <p>17 – Added Appendix for frequently used codes</p>

<p>December 2008</p>	<p>Version 3.0</p>	<p>2.1.1 – Clarified that third-party Document Custodians may commingle Mortgage Loan documents</p> <p>2.1.1 – Added that a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian must segregate Mortgage Loan documents</p> <p>2.1.1 – Added that Document Custodian must use best efforts to obtain and track the Fannie Mae loan number for each Mortgage Loan</p> <p>2.1.2 - Clarified that the transferor and transferee servicer must notify the custodian of the change in servicer.</p> <p>3.1 – Added modified financial rating requirements for third party Document Custodians</p> <p>3.2 - Clarified Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</p> <p>3.2 Added modified financial rating requirements for a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</p> <p>3.2 – Added revised segregation requirement for a Seller, Servicer and affiliate of a Seller or Servicer serving as Document Custodian</p> <p>3.4 – Added section regarding application and approval of new Document Custodians</p> <p>3.4.1 – Added section regarding active and inactive Document Custodians</p> <p>5 – Added that written procedures must include periodic reviews of authorized access to Doc Cert</p> <p>5.1 – Added that corrections on Doc Cert must be validated prior to pool certification</p> <p>6.3 – Added section regarding trust receipts</p> <p>7.1 – Deleted sub-bullet regarding HUD Form 53039, Indian Loan Guarantee Certificate</p> <p>9.1 – Deleted “if present” for certifying the Interest Rate Floor and added clarification in the ‘Note’ section.</p> <p>9.3 – Added that data and document corrections must be validated prior to pool certification</p> <p>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</p> <p>12 – Clarified that both the transferor and transferee servicer must notify the Document Custodian of any servicing transfers</p> <p>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</p> <p>FAQ, A2 – Added segregation requirement for Sellers, Servicers and affiliates of Sellers or Servicers</p> <p>FAQ, A4 – Deleted the requirement that the Corporation Resolution authorizing facsimile signatures must provide a legal opinion that the signatures are legally binding</p> <p>FAQ, A6 – Clarified that the Document Custodian must use best efforts to obtain and track the Fannie Mae loan number for each Mortgage Loan</p> <p>16.2 – Deleted all questions except for the question about whole loan certification. Moved this question to Section 16.3</p> <p>16.3 – Changed to Section 16.2</p>
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<p>December 2009</p>	<p>Version 4.0</p>	<p>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.</p> <p>6.2 (1st bullet) – Added requirement that the Schedule of Mortgages must accompany the Bailee letter.</p> <p>7.1 (1st bullet) – Clarified that LNAs must always be notarized and that it must be executed by the Seller</p> <p>8.1 (5th bullet) – Clarified that LNA must be executed by the Seller</p> <p>8.1 (Inserted last bullet) – Added requirement regarding endorsement in blank signed by POA</p> <p>8.4 (new section) – Added requirements for New York Cooperative Share Loan documentation.</p> <p>8.6 (1) 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...”</p> <p>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.</p> <p>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.</p> <p>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 & Monitoring if the Document Custodian does not have a Letter of Instruction.</p> <p>Various sections – replaced references to ‘Document Delivery Facility’, ‘DDF’ and ‘Fannie Mae’ with ‘Fannie Mae’s designated Document Custodian’</p> <p>Various sections – added reference to ‘Fannie Mae Form 2010 where a Custodial Agreement is referenced.</p> <p>Various sections – replaced references to ‘Certification Services Center’ with ‘Fannie Mae Custodian Oversight and Monitoring office’.</p>
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August 2010	Version 5.0	<p>8.1 – (1st bullet) Changed sentence to include an individual signature.</p> <p>8.1 – (new section 8.1.1) Added a new section to clarify <i>Inter Vivos</i> Trust Requirements.</p> <p>8.4 – Changed section to include all Co-operative share loans</p>
December 2010	Version 6.0	<p>3.4.2 – (new section) Added policy regarding termination of Inactive Document Custodians</p> <p>6.2 – Updated the verification process with correct email addresses, phone #s, etc.</p> <p>7.1 – Added “copy” to the requirement for the Rural Development Loan Note Guarantee.</p> <p>7.1 & 9.1 – Added requirement that Special Feature Code 159 be verified when LNA is received.</p> <p>8.1 – (last bullet) Added the requirement for “original riders and addendums etc.” to be consistent with the same requirements in Section 7.1.</p> <p>8.1 & 9.1 – Added the requirement for unit # on the note.</p> <p>8.1.1 – Added “mo/day/year” in the examples for the Trust instrument date.</p> <p>8.5 – Added balloon mortgage requirements from Section 7.1 to Section 8.5 for consistency.</p> <p>8.9 – Removed “Homestyle Mortgages” from the list of Special Approvals.</p> <p>9.1 – Changed the requirement for the interest rate floor on ARMs.</p> <p>9.2 – Added the responsibilities for Document Custodians regarding data discrepancies after the loan is certified.</p> <p>11.1 – Added the requirement for Document Custodians to keep a record of document transfers to different Custodians.</p> <p>16.1 – Added a Q&A for note endorsements on adhesive labels.</p>
June 2011	Version 7.0	<p>3.3- Revised insurance reporting requirements.</p> <p>8.3 – Add CEMA signature requirements for all borrowers.</p> <p>9.1 – Added verification of project codes 1&2 for consistency with section 8.4.</p> <p>9.1 – Added seasoned ARM clarification for validation of P&I.</p> <p>9.2 – Added “document” discrepancy process after certification.</p>
August 2012	Version 8.0	<p>3.1 & 3.2 – Removed reference to requirement for Fitch as one of three financial rating firms</p> <p>3.1 & 3.2 – Updated to reflect name change from LACE Financial Corporation to KROLL.</p> <p>3.4 – Removed reference to Form 2010</p> <p>3.5 – Added section, Quality Control and Audit Requirements</p> <p>13.3 – Added section, Full or Partial Acquisition of a Document Custody Business</p> <p>18 – Add section, Exhibit 3: Independent Audit Requirements</p>
October 2012	Version 9.0	<p>3.2 – Reinserted Fitch Long Term rating as one of three possible ratings for seller or servicer that serves as a Document Custodian.</p> <p>18.2(F) – Updated to reflect name change from LACE Financial to KROLL.</p>
July 2013	Version 9.0	<p>Various sections - Replaced efanniemae.com links with fanniemae.com.</p>
December 2013	Version 10.0	<p>2 – Added clarification regarding compliance with privacy and confidentiality obligations in the Guides.</p> <p>2.1.1, 4, and 13 - Removed references to Director of Custodian Oversight</p> <p>3.1 - Removed Office of Thrift Supervision (OTS).</p> <p>2, 2.1.1, 3.1, 3.2 and 3.4.1 - Replaced thirdparty_custody@fanniemae.com email with custodian_oversight@fanniemae.com.</p> <p>3.2 - Updated Moody’s rating to Baa2.</p> <p>3.4.2 – Added clarification regarding moving documents from an Inactive Document Custodian.</p>

		<p>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.</p> <p>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.</p> <p>4 - Updated the mailing address. Removed fax number, replaced with email address.</p> <p>8.1 – Re-ordered the bullets and sub-bullets. Clarified meaning of “borrower” and updated provisions regarding execution of endorsements by power of attorney.</p> <p>8.1.1 – Updated reference to signature addendum.</p> <p>8.8 – Updated information concerning eMortgage approval.</p> <p>8.9 – Updated information regarding special approvals.</p> <p>9.1 – Added information concerning zip code validation.</p> <p>9.2 - Deleted requirement for monthly notification of data and document discrepancies found</p> <p>10 – Clarified requirements regarding return of documents</p> <p>11 - Added requirement that cash loans held at designated Document Custodian remain at designated Document Custodian regardless of servicing transfer.</p> <p>11.2 - Replaced NSO info with custodian_oversight@fanniemae.com email.</p> <p>12 – Added requirement that cash loans included in servicing transfer must be moved to designated Document Custodian.</p> <p>18.1 – Updated Minimum Audit Requirements.</p> <p>18.2-Updated Independent Audit Report Template</p>
June 2015	Version 11.0	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>4 – Simplified provisions regarding execution of Custodial Agreements (Form 2003 or Form 2010).</p> <p>5.1 – Adds to list of Document Certification application functions the provision of the Fannie Mae loan number.</p> <p>8.1, 12 and 16.1 - Replaced thirdparty_custody@fanniemae.com email with custodian_oversight@fanniemae.com.</p> <p>8.2 – Clarified requirements regarding MERS and MIN numbers.</p> <p>9.4 – Added new section 9.4 regarding obtaining and tracking of Fannie Mae loan numbers.</p> <p>9.4.1 – Added new section 9.4.1 to address loans certified on or after October 1, 2015.</p> <p>9.4.2 – Added new section 9.4.2 to address loans certified before October 1, 2015.</p>

		<p>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.</p> <p>11 – Added requirement that trial balance list Mortgage Loans by Fannie Mae loan number.</p> <p>11.1 – Clarified responsibilities of existing Document Custodian and the terms of the notice of the release of documents.</p> <p>11.2 - Clarified responsibilities of new Document Custodian with regard to recertification.</p> <p>12 – Added requirement that a copy of the executed Form 2002 and loan list in electronic format be provided to Custodian Oversight and Monitoring.</p> <p>13.3 – Added requirement that completed Form 2002 be sent to Custodian Oversight and Monitoring and the applicable Servicer.</p> <p>16.1 – Updated responses to Questions 3, 5 and 6.</p> <p>18.1 – Added questions to Minimum Audit Requirements in sections dealing with General Custodian Data, Practices – Certification, Practices – Releases, and Practices – Transfers.</p> <p>18.2 – Updated Independent Audit Report Template to add space for auditor’s responses to new questions added to Minimum Audit Requirements.</p>
April 2018	Version 12.0	<p>Various sections – removed references to specific Form numbers for Fannie Custodial Agreements in favor of more general reference to Fannie Mae Custodial Agreement given the addition of the Form 2017 Custodial Agreement.</p> <p>Various sections – replaced references to “pool” or “MBS” with “loan” to account for loan level certifications under Form 2017 Custodial Agreement.</p> <p>Various sections – replaced references to “Schedule 2005” with “Loan Data” where appropriate.</p> <p>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.</p> <p>2 – Removed unnecessary language, and added provision to make clear that Fannie Mae direction should be from Custodian Oversight and Monitoring group.</p> <p>2.1 – Previous language removed as unnecessary. Replaced by former section 2.1.2 (with some modifications) dealing with Servicer Responsibilities.</p> <p>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.</p> <p>2.2 – Language from former section 2.1.3 with some minor revisions.</p> <p>3 – Added language clarifying that Document Custodians are to provide information relating to eligibility criteria to Lenders.</p> <p>3.1 – Minor changes to conform to modified definitions section, and reordered paragraphs for more clarity.</p> <p>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.</p> <p>3.4.2 – Minor changes to conform to modified definitions section.</p> <p>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.</p>

	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>5.2 – New section requiring notice and Fannie Mae approval for Off-shoring or outsourcing of Document Custodian functions.</p> <p>5.3 – Moved this requirement from former section 2.1.1.</p> <p>5.4 – Moved this requirement from former section 2.1.1.</p> <p>5.5 – Moved this requirement from former section 2.1.1.</p> <p>6 – This section and its subparts revised to reflect two different Bailee Letter processes depending on which Custodial Agreement governs.</p> <p>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.</p> <p>6.2 – New language addressing the Bailee Letter process for Custodians operating under Form 2017 Custodial Agreement.</p> <p>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.</p> <p>7.2 – Minor change to conform to definitions section.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>8.1.1 – Modified to conform to Selling Guide changes concerning signature requirements for inter vivos revocable trust notes.</p> <p>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).</p> <p>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.</p>
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	<p>8.2.2 – Language from previous Section 8.2 relating to assignments, but no substantive change.</p> <p>8.3 – Replaced “Agreement” with “CEMA” and removed requirement that a copy must be “certified.”</p> <p>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.</p> <p>8.6 – Made clear that this section only applies to loans governed by Form 2003 or 2010 Custodial Agreement.</p> <p>8.8 – Minor changes to update eMortgage requirements.</p> <p>9 – Added language describing overall certification responsibility of Document Custodian.</p> <p>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. Added requirement to certify Maturity Date, Bailee Letter Name or Form 2004A Name, and or ARM Plan caps for loans governed by Form 2017 Custodial Agreement. Added language to show custodian will receive indication of co-operative share loan in Loan Data if governed by Form 2017 Custodial Agreement.</p> <p>9.2 – New section dealing with certification of eNotes.</p> <p>9.3 – Formerly section 9.2. Removed unnecessary language.</p> <p>9.4 – Formerly section 9.3, but otherwise only minor changes to conform to new definitions section.</p> <p>9.4.1 – New section adding service level requirements for certification.</p> <p>9.5 – Renumbered from 9.4</p> <p>9.5.1 – Renumbered from 9.4.1.</p> <p>9.5.2 – Renumbered from 9.4.2.</p> <p>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.</p> <p>11 – New section addressing Servicing Transfers.</p> <p>12 – New section addressing Concurrent Sale of Servicing.</p> <p>13 -- Added requirement that trial balance list Mortgage Loans by Fannie Mae loan number.</p> <p>13 – New section addressing Servicer initiated custodian change without servicing transfer.</p> <p>14 – Formerly section 13 with some revisions.</p> <p>15 – Formerly section 14 and revised to limit its application to loans governed by Form 2003 or 2010 Custodial Agreement. Otherwise, unchanged.</p> <p>16 – Renumbered from former 15</p> <p>17 – Renumbered from former 16.</p> <p>17.1 – Renumbered from former 16.1. Revised answers to questions 8 and 11 to account for Form 2017 Custodial Agreement.</p> <p>17.2 – Renumbered from former 16.2. Revised answer to question 2 to account for Form 2017 Custodial Agreement.</p> <p>18 – Formerly section 17. Otherwise unchanged.</p> <p>19 – Renumbered from former section 18.</p> <p>19.1 – Renumbered from former section 18.1.</p> <p>Audit Section 1 – added specific reference to eNote.</p> <p>Audit Section 2 – new section for Off-Shoring and Outsourcing.</p> <p>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.</p>
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		<p>Audit Section 2 Practices Certification – revised lanaguge to account for different custodial agreements and added requirment concerning lender data corrections and tracking. Added requirment that “location” field be validated for eNotes.</p> <p>Audit Section 2 Practices Funding – removed requirements relating to self-funded, funding facility and tri-party agreements.</p> <p>Audit Section 2 Practices Releases – added requirement that Dcoument Custodian provide nonliquidation release tracking information twice a year.</p> <p>Audit Section 2 Practices Transfers – added requirement that trial balance be provided within 30 days of receipt of Loan Data and some Documents.</p> <p>Audit Section 2 Business Continuity and Disaster Recovery – clarified requirements for business continuity and disaster recovery.</p> <p>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.</p>
October 2019	Version 12.1	<p>Various sections – removed all references to Form 2003 or 2010 Custodial Agreement and language related to pool level certification.</p> <p>Various sections – updated appropriate Fannie Mae contacts and removed specific e-mail addresses, which are now provided outside the RDC.</p> <p>Various sections – minor changes to remove ambiguity, delete outdated references, and update Fannie Mae’s address.</p> <p>2.2 – Removed unnecessary language</p> <p>3.5.1 – Clarified the types of errors to be addressed as part of monthly QC</p> <p>3.5.2 – Modified language to account for removal of Exhibit 3 from RDC. The former Exhibit 3 relating to audits will now be maintained separately from the RDC.</p> <p>6.1 – Formerly section 6.2, but added some additional requirements. Former section 6.1 deleted.</p> <p>6.2 –Formerly section 6.3.</p> <p>7.1 – Added notice requirement for missing documents and clarified that Fannie Mae may require an inventory of documents in custody.</p> <p>8.1 – Modified note requirements for Puerto Rico, clarified signature ambiguity around endorsements and confirmed that the borrower’s name on the note does not need to be compared to the loan data.</p> <p>8.2.2 – Added language permitting assignments from subservicers under certain conditions.</p> <p>8.8 –Deleted as unnecessary.</p> <p>8.9 – Deleted as unnecessary.</p> <p>9.1 – Added language limiting when loan data can be modified for property address issues and modified some of the data points to be certified.</p> <p>9.2.1 – Added information for certifying eNotes.</p> <p>9.2.2 – Clarified language relating to certifying eNotes delivered with Form 2004A.</p> <p>9.2.3 – Clarified permitted fees for eNote certification and custody.</p> <p>9.5.1 – Deleted as unnecessary.</p> <p>9.5.2 – Deleted as unnecessary.</p> <p>10 – Added language prohibiting modification of a submitted Form 2009. Added language clarifying the duties when there is an issue as to the documents being returned. Added guidance relating to release reports.</p> <p>11 – Removed unnecessary language and modified timeline.</p> <p>11.1 – Clarified when the six-month timeline begins, added specific loan waivers to list of documents to be received, added language permitting assignments from</p>

		<p>subservicers under certain conditions, and clarified that a Form 2009 cannot substitute for a note or assignment for certification purposes.</p> <p>11.2 – Added language permitting assignments from subservicers under certain conditions.</p> <p>12.2 – Added language permitting assignments from subservicers under certain conditions.</p> <p>13.1 – Added language that Fannie Mae will provide the Transfer Effective Date.</p> <p>13.2 – Clarified that a Form 2009 cannot be used in place of an assignment and added language about tracking and reporting non-liquidated releases.</p> <p>14 – Clarified when Fannie Mae must be notified of vault moves.</p> <p>15 -- Collapsed former sections 17.1 and 17.2 into one new section 15 and added language as necessary to conform to RDC changes. Former section 15 deleted.</p> <p>16 – Deleted.</p> <p>17 – Renumbered to section 15 with some changes.</p> <p>18 – Deleted.</p> <p>19 – Deleted section as audit forms will now be maintained separately from the RDC.</p>
April 2020	Version 12.2	<p>9.2 – Minor revisions to clarify.</p> <p>9.2.1 – POAs now permissible and miscellaneous minor clarifications.</p> <p>9.2.2 – Revisions to the process for certifying eNotes subject to security interest.</p> <p>9.2.3 – Minor revisions to clarify.</p>
April 2022	Version 13.0	<p>1.3 – Removed mortgage assignments from required documents.</p> <p>2.1 – Updated this section to reference additional sections.</p> <p>2.2 – Updated this section to reference additional sections.</p> <p>3.1 – Removed reference to assignment of mortgage and deed of trust; and change the KROLL rating from D to C.</p> <p>3.2 – Changed KROLL rating to C previously C+ and D</p> <p>3.4 – Removed.</p> <p>3.4.1 – Relabeled old section as 3.4 – Updated active Document Custodian requirement.</p> <p>3.4.1 – Updated requirement.</p> <p>3.5 – Added Document Custodian responsibility in response to request from Fannie Mae for additional metrics and reporting.</p> <p>3.5.1 – Added notice of additional reporting requirements.</p> <p>3.5.2 – Clarified the requirement for the loan sample test.</p> <p>4.0 – Clarified that the 9-digit servicer # is required; in addition, that the Custodial Agreement is received and distributed electronically.</p> <p>5.2 – Included additional requirement.</p> <p>5.4 – Removed requirement for MERS Contingency.</p> <p>5.5 – Relabeled as 5.4 and clarified timeline for segregating Fannie Mae mortgage files</p> <p>6.1 – Clarified the responsibilities of the parties involved; emphasized the requirement for a second reviewer, as well as added reference to the Document Certification Job Aid.</p> <p>7.1 – Includes the acceptance of remote notarization and removed reference to assignment, as well as added reference to the Document Certification Job Aid.</p> <p>8.0 – Added reference to the Document Certification Job Aid.</p> <p>8.1 – Included the acceptance of remote notarization and updated requirements pertaining to seller responsibilities, as well as added reference to the Document Certification Job Aid.</p> <p>8.2 – Deleted section to remove reference to assignment of mortgage</p> <p>8.2.1 – Relabeled as 8.2 and updated requirement for MERS Registered loans.</p> <p>8.2.2 – Deleted section relating to mortgage assignments.</p>

		<p>8.3 – Deleted reference to assignment of mortgage requirement and added reference to the Document Certification Job Aid.</p> <p>8.4 – Remove table and provided link to the Co-op Share Loan Documentation Requirement on the Fannie Mae website.</p> <p>8.7 – Deleted reference to assignment of mortgage requirement.</p> <p>9.0 – Added reference to the Document Certification Job Aid.</p> <p>9.1 – Updated requirement for MERS MIN and SFC 508.</p> <p>9.2 – Updated requirement for eNote certification.</p> <p>9.2.1 – Deleted redundant requirement related to MERS MIN.</p> <p>9.5 – Corrected typo on servicer response time from 3 to 30 days and revised the frequency for submitting the Fannie Mae loan # file to Fannie Mae.</p> <p>11.0 – Condensed this section and referred to details in Document Transfers Job Aid</p> <p>11.1 – Deleted</p> <p>11.2 – Deleted</p> <p>11.3 – Deleted</p> <p>12.0 – Condensed this section and referred to details in Document Transfers Job Aid</p> <p>12.1 – Deleted</p> <p>12.2 – Deleted</p> <p>12.3 – Deleted</p> <p>12.4 – Deleted</p> <p>13.0 – Condensed this section and referred to details in Document Transfers Job Aid</p> <p>13.2 – Deleted</p> <p>13.2 – Deleted</p> <p>14.0 – Condensed this section and referred to details in Document Transfers Job Aid</p> <p>14.1 – Deleted</p> <p>14.2 – Deleted</p> <p>14.3 – Deleted</p> <p>15.0 – Revised response to question 7; deleted Question 9; revised response to question 12,</p>
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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.
- **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, whole loans, 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, and other documents as required by Fannie Mae to be deposited with the Document Custodian.
- **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.
- **Sub-servicer**: 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, or
 - transmitted electronically (*e.g.*, e-mail).

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.

- The Document Custody page of <https://www.fanniemae.com/singlefamily/document-custodians> provides valuable resources and information on a variety of topics of interest to Document Custodians.
- The Fannie Mae Selling Guide and Servicing Guide are available on www.fanniemae.com.

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 www.fanniemae.com. 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 Fannie Mae Single Family Custody Operations 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 Fannie Mae Single Family Custody Operations.

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). In the case of a concurrent sale of servicing, the Servicer must notify the Transferor Document Custodian to expect inbound documents. Refer to Section 12 (Concurrent Sale of Servicing). In the case of document transfers, the servicer must notify the

Transferee Document Custodian of the change. Refer to Section 13 (Servicer Initiated Change of Custodian Without Transfer of Servicing).

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.

In the case of a concurrent sale of servicing where there is a change in Document Custodian post certification, the Seller must notify the Transferee Document Custodian (certifying Document Custodian), of the new Document Custodian and provide release and shipping instructions for the disposition of the documents post certification. Refer to Section 12 (Concurrent Sale of Servicing).

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. 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, 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;
 - 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; and
 - 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 C 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 Fannie Mae Single Family Custody

Operations. 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. The requirements defined in the following sub-sections shall 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 to 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. 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 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 Lender Or Affiliate Of A Lender Serving As Fannie Mae’s Document Custodian

A Lender or affiliate of a Lender 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 Lender that serves as a Document Custodian or a Document Custodian that is affiliated with the Lender 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 C from KROLL).

In assessing the eligibility of a Lender that acts as a Document Custodian or Document Custodian that is affiliated with the Lender to certify and hold Mortgage Loans on behalf of Fannie Mae, Fannie Mae will also consider the financial rating of the related Lender. A Lender 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 Lender 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 Lender fails to meet the recommended financial rating, Fannie Mae, in its sole discretion, may restrict the Lender's ability to serve as Document Custodian or to use an affiliated Document Custodian or may impose additional duties and restrictions on the Lender 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 Lender's primary regulator (or by the primary regulator of the Lender's parent or subsidiary if the Lender is not a regulated institution).
- Have custodial officers who are duly authorized by corporate resolution or by-laws to act on behalf of the Document Custodian 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 Lender (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 Lender and Fannie Mae Single Family Custody Operations 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.

The Document Custodian must also report to Fannie Mae and to any affected Lender 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 Lender 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 if the Document Custodian is referenced. 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.

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 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 at least 50 Mortgage Loans for Fannie Mae in each quarter of the previous calendar year or a total of 200 loans in the previous calendar year. An Inactive Document Custodian is defined as an entity that has not certified 50 Mortgage Loans for Fannie Mae in each quarter of the previous calendar year or a total of 200 loans 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. Inactive Document Custodian will be ineligible to serve as a certifying Document Custodian, but 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.

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 notify Fannie Mae Single Family Custody Operations of any such change. 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.

3.4.1 Inactive Document Custodian Reestablishing as Active Status

If an Inactive Document Custodian desires to certify new Mortgage Loans for Fannie Mae, the Document Custodian must reach out to Fannie Mae Custody Operations to obtain the Application for Active Document Custodianship (Form 2008), which must be submitted with the required supporting documentation as outlined in the application. .

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 50 Mortgage Loan on behalf of Fannie Mae in each quarter of the subsequent calendar year or a total of 200 Mortgage Loans each subsequent 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

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. "In

addition, the Document Custodian shall provide, upon Fannie Mae's request, any data, metrics, or reporting relating to the Document Custodian's performance of its obligations to Fannie Mae."

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 Single Family Custody Operations on a monthly basis.

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:
 - 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.
 - 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>,

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, including additional certification exceptions identified outside of the QC process throughout the month
- Error rates for:
 - Data errors
 - Document errors
 - Systemic errors
 - 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

Additional reporting to submit in the monthly QC reporting include.

- Evidence of any concurrent sale of servicing transactions perform in the QC month
- Recertification status reporting of all outstanding I, C or D codes (Refer to the Document Transfer Job Aid found on the Document Custodian page on www.fanniemae.com)
- All recertification related errors identified in the QC month outside of the actual QC loan sample population
- All Operational Incidents identified in the QC month

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 contained in Fannie Mae's Independent Audit Requirements for Document Custodians ("IARDC"), which is available on the Document Custodian page on www.fanniemae.com.

The auditor should exercise judgment in adapting the audit requirements outlined in the Minimum Audit Requirements section of the IARDC, 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. Document Custodians must utilize and provide to Fannie Mae the Independent Audit Report Template contained in the IARDC.

Audit reports should be sent to Fannie Mae Single Family Custody Operations. 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 loan sample should include only loans certified to Fannie Mae at time of acquisition and should not include recertifications performed following servicing or custodial 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 Single Family Custody Operations.

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 Lender's Fannie Mae Seller/Servicer 9-digit number(s);
- The Lender's contact information (contact name, address, telephone number,); and
- The Lender 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 must be executed electronically via a Fannie Mae approved process (e.g., DocuSign).

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 Single Family Custody Operations.

The Document Custodian must maintain policies and procedures that provide appropriate oversight of these Fourth Parties.

5.3 Change of Structure

The Document Custodian must notify Fannie Mae Single Family Custody Operations, 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 Commingling of Files

A third-party Document Custodian may 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 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 Lender or affiliate of a Lender 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 after certification.

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.

6.1 Bailee Letter Process

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 Document 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, Document 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/or Form 2004A and Loan List (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 Does Not Match the Loan Data: the Document Custodian will treat as a document discrepancy and contact the Seller to resolve the discrepancy. If the Seller and warehouse lender determine that the name 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 Document Custodian. If the Seller determines that the Bailee Letter Name or Form 2004A name in the delivery data is incorrect, it must reject the delivery data 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 Document 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 Document Custodian reflecting the warehouse lender's release of interest.

In addition, due to the criticality of the certification of Bailee Letter Name and 2004A Name, a secondary quality control check must be in place prior to certification. This must be evidenced in the Document Custodian's bailee letter procedures.

Furthermore, if the Document Custodian incorrectly certifies the Bailee Letter Name or 2004A Name, the Document Custodian must contact Fannie Mae Single Family Custody Operations immediately. The Document Custodian is responsible for satisfying the requirements set forth in detail in the Document Custodian Certification Job Aid.

6.2 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. Such an interest may be implicated when 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.

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 (including remote notarization)

- A copy of any name affidavit, if applicable.
- The MERS Mortgage Identification Number (MIN) in the loan data if the mortgage is registered in the Mortgage Electronic Registration System (MERS®).
- 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 delivering participation interests loans.

If a Document Custodian becomes aware that any of the above documents which were in its custody can no longer be located, the Document Custodian must contact Fannie Mae Single Family Custody Operations promptly. In its sole discretion, Fannie Mae may require a Document Custodian to complete an inventory of required documents. The Document Custodian is responsible for satisfying the requirements set forth in detail in the Document Custodian Certification Job Aid.

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 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 identifies Mortgage Loans to sell to Fannie Mae, 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. The Document Custodian accesses the data through the Document Certification application. For each individual mortgage loan received, 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 in the Document Certification application matches the corresponding data on the documents it receives. (**NOTE:** some values must be calculated and validated against submitted values.) The Document Custodian is responsible for satisfying the requirements set forth in detail in the Document Custodian Certification Job Aid.

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 replacement note cannot be signed by the borrowers, 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 numerical digits that are being certified must match in both the English and Spanish sections of the note.
- 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).
 - 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.
 - 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.)

Note: Document Custodians are not required to compare the borrower’s name in the Loan Data to the typed name on the note.

- 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 (including remote notarization).
- 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.

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, and the name and title of the individual signing must either be typed or legibly written. An example of an ‘in blank’ endorsement follows:

PAY (OR PAYABLE) TO THE ORDER OF

WITHOUT RECOURSE

LENDER’S NAME

(Signature)

BY: (name of individual)

TITLE: (title of individual)

- 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 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).
- 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.

The Document Custodian is responsible for satisfying the requirements set forth in detail in the Document Custodian Certification Job Aid.

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

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

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

8.2 Requirements for MERS-registered mortgage

A mortgage is registered with Mortgage Electronic Registration System (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. 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.

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.

The Document Custodian is responsible for satisfying the requirements set forth in detail in the Document Custodian Certification Job Aid.

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 indicate the loan is a co-operative share loan in the Loan Data. 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 in the Co-op Shared Loan Documentation Requirement.
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 [here](#).

8.5 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 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. 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 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, a data entry other than 100% for “Participation Percent” is an indication that the Loan has participation interests, 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, the Document Custodian must ask the Seller to verify whether the mortgage loan has participation interests. The Document Custodian must not certify the loan 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 the mortgage loan. If the Seller indicates it is a mortgage loan (rather than participation interests), the Document Custodian must not certify the mortgage loan 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 mortgage loan.

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. 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; 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.

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. 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 Fannie Mae determines is necessary or convenient in connection with its capacity.

Document Custodians may accept loan delivery data in an electronic format from a Seller and provide its certification to Fannie Mae electronically. The type of electronic format, signature requirements, and storage of electronic records depends, in part, on the type of electronic record. From time to time, Fannie Mae may specify an electronic format for a particular electronic record. The Document Custodian is responsible for ensuring that any electronic record includes, at a minimum, all of the information that would have been required had the record been in paper document.

Fannie Mae requires the Document Custodian to satisfy certain conditions related to the use of electronic records received from third parties. Those conditions relate to reaching a mutual agreement (or providing consent) to use the electronic record(s) (or disclosures); specifying the format for, and evidence of, electronic signatures; maintaining the integrity of the electronic record(s); and reproducing the electronic record(s) in paper (or other) format at Fannie Mae’s request. These conditions represent our minimum standards; however, since the Seller is responsible for the accuracy and authenticity of information it obtains related to the origination of mortgages sold to Fannie Mae, the Seller should determine the most appropriate procedures and controls to use given the nature of its operations and its business relationship with the third party. The Document Custodian should make a similar determination consistent with its operations and its relationships with the Lenders with which it does business.

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. Fannie Mae requires 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(c) 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/Service providers 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.

9. Data Review and Certification

When a Seller delivers Mortgage Loans, the Document Custodian must validate the Loan Data. For each individual Mortgage Loan, the Document Custodian must verify that all the Required Documents are present. The Document Custodian is responsible for satisfying the requirements set forth in detail in the 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.
 - The Document Custodian may add information in the Property Address data field to conform to the Documents, but it should not delete information from the data field.
- 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.
- Confirm SFC 508 is not present if certifying a paper note.
- If a co-operative share loan has been delivered, the Document Custodian must validate that the Lender has indicated the loan is a co-operative share loan in the Loan Data.
- Maturity Date.
- When applicable, the Bailee Letter Name or Form 2004A Name.
- Ensure that if the MERS MIN is present in the loan data, the MIN must be 18 digit numeric

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.

- Min Mortgage Interest Rate (Interest rate floor*);
- Max Mortgage Interest Rate (Interest rate ceiling*);
- Mortgage margin;
- First interest rate change date;
- First payment change date;
- Look-Back Days;
- Interest Rate Rounding Type*;
- Interest Rate Rounding Percent*; and
- Interest only end date*, if applicable.

***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 equal the margin. 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 an ARM that has converted to Fixed-Rate and that is being redelivered, the Selling Guide requires the Lender to include a Loan Modification Agreement (Form 3179) in the delivery package. The modification agreement should contain the interest and P&I that the document custodian can verify against the data fields.

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), 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 instead of those for the original balloon mortgage.

9.2 Review and Certification of eNotes

The certification of eNotes for MBS and Whole Loan deliveries is subject to the additional requirements in this section. Although a vast majority of eNotes are automatically certified by Fannie Mae systems, specific loans or loan products may require the Seller's Document Custodian to perform a manual certification of an eNote by accessing Fannie Mae's eVault. In these instances, Fannie Mae's eVault will automatically be updated to provide the Seller's Document Custodian access to the eNote to complete certification as detailed below.

9.2.1 Certifying the eNote and Loan Data

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 to ensure the applicable Loan Data matches the eNote as set forth in Section 9.1.
- 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).

Documents:	
eNote	Authoritative Co...
MERS Info:	
Controller	Fannie Mae (1000130)
Location	Fannie Mae (1000130)

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

*Electronically signed by John Homeowner
on 10/18/2001 14:28:01 PDT*

John Homeowner

Sample 2:
Holographic Signature



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”).”

Depending on the state of the eNote, the eOriginal Vault will display the following information at the header of the note:

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. [REDACTED] (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is [REDACTED]. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of [REDACTED].

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the [REDACTED] day of each month beginning on [REDACTED]. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on [REDACTED] I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at 1 [REDACTED] or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U [REDACTED]

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment

Additional considerations when certifying eNotes:

- Co-op loans are not eligible for delivery as eNotes.
- CEMA loans are not currently eligible for eSignatures.
- Texas Section 50(a)(6) loans are not currently eligible for eSignatures.
- Requirements regarding endorsements are not applicable to eNotes.
- For eNotes where the electronic signature on the note shows an attorney-in-fact executed the note on a borrower's behalf, a copy of the notarized power of attorney must be eDelivered to Fannie Mae's eVault and be accessible via Fannie Mae's eVault. The Document Custodian must confirm the name(s) on the power of attorney match the name(s) on the eNote and must be dated such that it was valid at the time the eNote was executed. The power of attorney must be notarized.

9.2.2 eNotes Delivered Subject To A Security Interest

For eNotes, there are no Bailee letters so the identification of a third-party security interest may be reflected in one of two ways. One way is for the warehouse lender to be named as the Secured Party on the eNote immediately prior to Seller transferring the eNote to Fannie Mae. For these loans, the name of the warehouse lender will be in the “**MERS Previous Secured Party**” field in the eVault; its name will be preceded by the word “BAILEE,” and the field will reflect the MERS Org ID of the warehouse lender after its name.

The screenshot displays the 'Transaction Search Results' for document ID 999931700094790088. The table below shows the search results:

MIN	Status	MERS Previous Secured Party	Prior Controller
9999317000947900...	Active	BAILEE:(theWarehouseLender) (9999316)	theLender (9999317)

The right-hand pane shows the following details:

- Documents:** eNote, New Document, Authoritative Copy
- MERS Info:**
 - Controller: Fannie Mae Test ID (9999107)
 - Location: Fannie Mae Test ID (9999107)
 - Servicing Agent: eOriginal - theLender (9999317)
- Previous Secured Party:** BAILEE:(theWarehouseLender) (9999316)
- Properties:**
 - Vault ID: 9479015
 - Creation Date: 01/15/2020 03:04:26 PM EST
 - Transaction GUID: 9c33acce-c4ab-5842-e053-aa...

The second way for a warehouse lender to represent its security interest in an eNote is for the warehouse lender to take Control and Location of the eNote immediately prior to Fannie Mae and for the warehouse lender to initiate the transfer of the eNote to Fannie Mae. For these loans, the name of the warehouse lender will be in the “**Prior Controller**” field in the Fannie Mae eVault preceded by the word “BAILEE,” and the field will reflect the MERS OrgID of the warehouse lender after its name.

The screenshot displays the 'Transaction Search Results' for document ID 999931700094795020. The table below shows the search results:

MIN	Status	MERS Previous Secured Party	Prior Controller
999931700094795020	Active		BAILEE:(theWarehouseLender) (9999316)

The right-hand pane shows the following details:

- County:** Fairfax
- State:** VA
- Zip code:** 20191
- Lender Name:** The Lender
- Lender Loan Number:** LOAN_VT7KMZWXUM
- First Payment Due Date:** 2020-02-01
- Loan Maturity Date:** 2050-02-01
- Original Loan Amount:** \$295,000.00
- Original Note Rate:** 3.385
- P&I Amount:** \$1,305.82
- Custom Fields:**
 - Prior Controller:** BAILEE:(theWarehouseLender)...
 - Prior Location:** BAILEE:(theWarehouseLender)...
 - Seller ID:** BAILEE:(theWarehouseLender)...
- Description:** 9479544
- Comments:**

When certifying an eMortgage that reflects a warehouse lender security interest as shown above in either of the two scenarios, the Document Custodian shall perform the following validation:

1. If the “MERS Previous Secured Party” field in the eVault is populated with a name (if not, proceed to step 2), the Document Custodian must validate the (i) the name is preceded by the word “BAILEE,” and (ii) the name in the eVault matches the name that appears in the “Bailee Letter Name” field in the Loan Data. If either of these conditions is not satisfied, the Document Custodian shall treat as a document discrepancy and contact the Seller to resolve the discrepancy.
2. If the “MERS Previous Secured Party” field is blank, determine whether the word “BAILEE” appears in the “Prior Controller” field in the eVault. If “no,” no further verification is required. If “yes,” the

Document Custodian must validate the name in the eVault matches that name that appears in the “Bailee Letter Name” field in the Loan Data. If the names do not match, the Document Custodian shall treat as a document discrepancy and contact the Seller to resolve the discrepancy.

Note: In addition to the above methods of reflecting a security interest, a third-party security interest may also be shown in the submission of a Fannie Mae Form 2004a. For loans delivered with a Form 2004A, the “Bailee Letter Name” field in the Loan Data should be replaced with a separate “2004A Name” field in the Loan Data. 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 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.

Note: For eNotes certified by the Document Custodian, the Document Custodian may charge the Seller a certification fee. For eNotes held in Fannie Mae’s eVault for the life of the loan, there are no on-going storage fees, release fees, or fees for eNote transactions via Fannie Mae’s eVault.

If an eNote fails certification and the issues cannot be resolved, the Seller must contact Fannie Mae at eMortgage_Custody@fanniemae.com to perform 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 Document Certification 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 1-800-2FANNIE 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:

Product Type	Eastern Time
ASAP+	3:00 PM EST
CASH	4:00 PM EST
ASAP	4:00 PM EST
MBS	4:00 PM EST

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. If the Document Custodian needs assistance in obtaining Fannie Mae loan numbers post acquisition, the Document Custodian must work with the respective Servicer to obtain. The Servicer must respond within 30 business days to any request from the Document Custodian to provide the Fannie Mae loan number.

Quarterly, the Document Custodian must provide an electronic list of all mortgages held by the Document Custodian by Fannie Mae Loan Number to Fannie Mae as defined in RDC-2019-09 Document Custodian Notice.

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 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.

Once a Form 2009 has been submitted and accepted the Document Custodian for a particular loan, the Form 2009 cannot be modified or resubmitted with different information without Fannie Mae approval. In particular, a revised Form 2009 submitted solely for the purpose of changing the date of the request is not acceptable.

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.

If Documents are returned to the Document Custodian that differ from the Documents which were released by the Document Custodian and which would cause the Mortgage Loan to fail certification, the Document Custodian must accept Documents for custody, but shall identify and track the discrepancy as an exception to be reported to Fannie Mae.

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 Servicer must not update the Form 2009 with a revised release date to accommodate an aged outstanding non-liquidation release request.

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 Fannie Mae Single Family Custody Operations on July 31 and December 31, with the data as of June 30 and November 30 respectively. Fannie Mae has defined the format for this report. The Document Custodian must follow the file format for this report. The Document Custodian must communicate to Fannie Mae Single Family Custody Operations even if there is no report for the period.

11. Servicing Transfers

Servicing transfers require certain tasks be performed by the Document Custodian, and these tasks vary based on whether there will be a change of the Document Custodian. All servicing transfers, however, will require recertification of custody documents. The Document Custodian is responsible for satisfying the requirements that apply to it as set forth in detail in the Serving Transfer section of 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. Concurrent sale of servicing requires certain tasks be performed by the Document Custodian, and these tasks vary based on whether there will be a change of the Document Custodian. The Document Custodian is responsible for satisfying the requirements that apply to it as set forth in detail in the Concurrent Sale of Servicing section of the Document Transfer Job Aid.

13. Servicer Initiated Change of Custodian Without Transfer of Servicing

In the event a servicer initiates a change of Document Custodian, the Transferor and Transferee Document Custodians must complete certain tasks to complete the change. Each involved Document Custodian is responsible for satisfying the requirements that apply to it as set forth in detail in the Servicer-Initiated Change of Custodian section of the Document Transfer Job Aid.

14. Document Custodian Initiated Transfers

Movement of collateral files can occur as a result of the following activities initiated by the Document Custodian:

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

Each of these events require pre-approval by Fannie Mae and once approved, the Document Custodian must satisfy the requirements that apply to it as set forth in detail in the Document Custodian Initiated Transfers section of the Document Transfer Job Aid.

15. Exhibit 1: Frequently Asked 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 Lenders or Affiliates of Lenders 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 loan 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, 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, 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. 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 the Seller endorses a Mortgage Loan note without providing the title of the 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 signer, and title of 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).

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 (including remote notarization).

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.

Q14. If I do not know my Financial Institution Number, who can I contact to provide this number?

A14. Contact Fannie Mae Single Family Custody Operations to verify your Financial Institution Number.