

Servicing Guide Announcement SVC-2012-08

May 09, 2012

New Document Custodian Requirements

Fannie Mae is announcing changes to the responsibilities of document custodians with respect to compliance audits and certification practices. All references in this Announcement to a document custodian apply to both independent and lender-affiliated document custodians that hold or certify loan documents on behalf of Fannie Mae.

This Announcement provides requirements for document custodians to engage an independent third-party audit firm for the purpose of completing an annual compliance audit. In addition, document custodians must establish a monthly quality control (QC) review process.

Servicing Guide, Part I, Section 404.05: Operational Requirements for All Document Custodians

Requirement to Engage an Independent Third-Party Audit Firm

Fannie Mae has been performing on-site reviews of document custodians to determine eligibility and operational compliance. Fannie Mae is now implementing a requirement that document custodians engage the services of an independent third-party audit firm to perform an annual audit to assess eligibility and operational compliance. Document custodians will be responsible for all costs associated with the independent audit. The required compliance dates for the new audit requirements are as follows:

- Document custodians that had a Fannie Mae on-site review completed prior to August 1, 2011, must engage an independent third-party auditor and complete their first annual audit by July 31, 2013. Subsequent audits must be conducted annually thereafter.
- Document custodians that had or will have a Fannie Mae on-site review completed during the period August 1, 2011, to July 31, 2012, must engage an independent third-party auditor and complete their first annual audit by December 31, 2013. Subsequent audits must be conducted annually thereafter.

Fannie Mae's *Annual Statement of Eligibility for Document Custodians* (Form 2001) will be revised to include the document custodian's certification that it meets these new requirements. Document custodians must certify annually that an independent third-party audit firm has been engaged and meets Fannie Mae's minimum standards. Document custodians are required to file Form 2001 by March 31st of each year.

Fannie Mae will incorporate the minimum eligibility standards for independent third-party auditors and minimum audit requirements in its *Requirements for Document Custodians* guide (*RDC guide*). A revised Form 2001 and updated *RDC guide* will be available on eFannieMae.com by August 31, 2012.

Fannie Mae reserves the right to perform on-site reviews of document custodians, as necessary.

NOTE: *Fannie Mae's name must not be used in any documents pertaining to the audit or the audit results without Fannie Mae's express prior written consent.*



Requirement for Monthly Quality Control Review

Fannie Mae is requiring that by September 30, 2012, document custodians develop and implement a monthly QC review process to examine the quality of document and data certifications for the prior month. The first QC review must occur by October 31, 2012, for September 2012 document and data certifications.

The minimum requirements for the monthly QC process will also be incorporated in the *RDC guide* by August 31, 2012.

Fannie Mae reserves the right to review the QC results, as necessary.

NOTE: *The Selling Guide will be updated shortly to reflect the changes in this Announcement, as applicable.*

Servicers should contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicing Solutions Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

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