



Fannie Mae®

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# **Independent Audit Requirements for Document Custodians (IARDC)**

**Version 4.0**

**March 2026**



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# 1 Document Revision History

Date	Version	Change Description
February 2020	1.0	Initial Creation
January 2022	2.0	<p>Section 2: Written Procedures for Certification &amp; Custody</p> <ul style="list-style-type: none"> <li>• (l) Added: Co-Issue &amp; Custodian to Custodian Transfers (in &amp; out bound)</li> <li>• (s) Revised: Recertification of documents (including D, I and C codes)</li> </ul> <p>Section 2: Practices Transfer</p> <ul style="list-style-type: none"> <li>• Revised the requirement to include co-issue transfers &amp; custodial transfers</li> <li>• (c) Revised to include 'servicing transfer and custodial transfers'</li> <li>• Added: New requirement - Evidence that the Document Custodian completes the recertification of loans within the 30-day period required by Fannie Mae for Co-Issue servicing transfers</li> </ul> <p>Section 2: Practices Monthly QC</p> <ul style="list-style-type: none"> <li>• (a) Added: 'Does the Document Custodian have evidence that monthly OIs are reported with the QC results?'</li> <li>• (b) Added: 'Does the Document Custodian have evidence that reflects monthly QC reporting on statuses of open I &amp; C code transaction types?'</li> </ul> <p>Section 2: Practices Funding</p> <ul style="list-style-type: none"> <li>• (b) Added: Question related to second level review</li> </ul> <p>Section 2: Added new requirements for Operating Standards</p> <p>Section 2: Added new requirement "Conflict of Interest"</p> <p>Removed Section 3: Independent Audit Report Template</p>
October 2022	3.0	<p>Section 2: Loan Sample Selection</p> <ul style="list-style-type: none"> <li>• Added FM Connect as the Tool for obtaining the sample selection</li> </ul> <p>Section 2: General Custodian Data</p> <ul style="list-style-type: none"> <li>• Minor clarification in requirement #1</li> </ul> <p>Section 2: General Compliance</p> <ul style="list-style-type: none"> <li>• Added requirements 1a and 1b</li> <li>• Added requirements 3, 4 &amp; 5</li> </ul> <p>Section 2: Added new section requirement – Regulation</p> <p>Section 2: Added new section requirement – Financial Ratings</p> <p>Section 2: Trust Powers</p> <ul style="list-style-type: none"> <li>• Revised requirement #1</li> </ul> <p>Section 2: Physical Facilities</p> <ul style="list-style-type: none"> <li>• Minor formatting to requirement #1</li> <li>• Added requirement #8</li> </ul> <p>Section 2: Written Procedures for Certification &amp; Custody</p> <ul style="list-style-type: none"> <li>• Revised requirement for letters f, h, l and p</li> <li>• Added requirement for new procedures in letter v and w</li> <li>• Added requirement # 2</li> </ul> <p>Section 2: Practices Certification</p> <ul style="list-style-type: none"> <li>• Minor update to requirement #s 2a and 2b</li> <li>• Revised requirements #3</li> <li>• Added requirement #4</li> </ul> <p>Section 2: Practices Funding</p> <ul style="list-style-type: none"> <li>• Revised requirement #1</li> </ul> <p>Section 2: Practices Releases</p> <ul style="list-style-type: none"> <li>• Updated requirement #1</li> <li>• Added requirement #4</li> <li>• Updated requirement #5</li> </ul> <p>Section 2: Practices Transfers</p> <ul style="list-style-type: none"> <li>• Updated requirement #1</li> <li>• Added requirement #2</li> <li>• Updated requirement #s 3, 4 and 5</li> </ul> <p>Section 2: Practices Monthly QC</p> <ul style="list-style-type: none"> <li>• Added requirement #s 2 – 10</li> </ul> <p>Section 2: Practices Business Continuity and Disaster Recovery</p> <ul style="list-style-type: none"> <li>• Updated requirements 2d, e, f, l and j</li> </ul>
March 2026	4.0	<p>Section 2: Compliance with Eligibility &amp; Operational Requirements</p> <ul style="list-style-type: none"> <li>• General Document Custodian Data – Added requirement 1c</li> <li>• General Compliance – Clarified #s 1 and 1a; Added requirement 1c</li> <li>• Regulation – clarified requirements #2 and 3; Added requirement #5</li> </ul>

		<ul style="list-style-type: none"> <li>• Trust Powers – Clarified requirements #2 and 3.</li> <li>• Physical Facilities – Added requirements to #3</li> <li>• Written Procedures for Certification and Custody – Clarified #1k and added new #1x</li> <li>• Practices Transfers – Clarified requirement 3c</li> </ul>
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## 2 Independent Audit Requirements

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

<b>Section 1: Include a quality review on a statistically valid sample of loans</b>	
Complete a loan sample test to ensure the quality of certification practices and procedures.	<ol style="list-style-type: none"> <li>1. Retrieve a loan sample from Fannie Mae FM Connect Tool.</li> <li>2. Complete a full certification of all loans in the sample following the certification guidelines established in Fannie Mae’s <i>Requirements for Document Custodians</i>, while taking into account previously granted waivers that are documented in existing Letters of Instruction or Exhibit A to the Custodial Agreement. <ol style="list-style-type: none"> <li>a. Document any issues discovered for inclusion in the Findings Report.</li> <li>b. Obtain copies of all loan documents containing issues for submission with the Findings Report.</li> <li>c. Communicate issues to the Document Custodian for remediation upon discovery. Do not withhold the issues identified until the findings report is published.</li> </ol> </li> <li>3. Include the identified errors in the final report submitted to Fannie Mae. The report should: <ol style="list-style-type: none"> <li>a. Identify each error discovered</li> <li>b. Establish error rates for: <ol style="list-style-type: none"> <li>i. Data errors;</li> <li>ii. Document errors; and,</li> <li>iii. Combined errors.</li> </ol> </li> <li>c. Include copies of documents as attachments containing evidence of all issues discovered during testing of the loan sample.</li> </ol> </li> </ol>
<b>Section 2: Examine each of the following sections to ensure compliance with Fannie Mae’s eligibility and operational requirements including, but not limited to:</b>	
General Custodian Data	<ol style="list-style-type: none"> <li>1. Request and review executed Form 2001 (<i>Annual Statement of Eligibility for Document Custodians</i>) for listing of any existing waivers granted to the: <ol style="list-style-type: none"> <li>a. Document Custodian, or</li> <li>b. Lender (related to certification)</li> </ol> <p>Include the waiver list in the final report submitted to Fannie Mae.</p> </li> <li>2. Verify that the Document Custodian has appropriate controls in place to ensure compliance with all active waivers (Document Custodian and/or Lender). <ol style="list-style-type: none"> <li>a. Request evidence of waiver compliance controls for waivers identified above, and determine if non-compliance was identified through control execution.</li> <li>b. Include any identified instances of non-compliance in the final report to be submitted to Fannie Mae. The report should: <ol style="list-style-type: none"> <li>i. Identify each instance of non-compliance with waivers discovered.</li> <li>ii. Include copies of documents as attachments containing evidence of all instances of non-compliance with waivers discovered during evaluation of the control(s).</li> </ol> </li> </ol> </li> </ol>

General Compliance	<ol style="list-style-type: none"> <li>1. Request evidence that confirms the existence of executed Custodial Agreement between the Document Custodian and each of its Fannie Mae Lender customers. <ol style="list-style-type: none"> <li>a. Obtain and report a list of all executed Custodian Agreements.</li> <li>b. Verify that the list is consistent with the lender list reported in Form 2001 (Annual Statement of Eligibility for Document Custodians).</li> <li>c. Include the list of the Custodian Agreements in the final report to be submitted to Fannie Mae.</li> </ol> </li> <li>2. Verify that all variances are documented in the form of a Letter of Instruction (which represents a variance granted to Lender) or Exhibit A (which represents a variance granted to the Document Custodian) to the Custodial Agreement.</li> <li>3. Inquire and report if the Document Custodian has any unresolved findings that were previously identified to Fannie Mae in an AUP Audit, Monthly Quality Control review, or through self-reporting.</li> <li>4. Inquire if the Document Custodian has any unresolved findings that were previously identified to them by Fannie Mae, relating to certification, Operational Incidents or missed Service Level Agreements (SLA).</li> <li>5. Does the Custodian employ well-trained and knowledgeable staff familiar with certification procedures and Fannie Mae Document control methods?</li> </ol>
Regulation	<ol style="list-style-type: none"> <li>1. Obtain evidence of the Document Custodian's regulated institution(s).</li> <li>2. Obtain and provide the name(s) of the regulated institution(s).</li> <li>3. Inquire and report to Fannie Mae the relationship of regulated institution(s) to the Document Custodian.</li> <li>4. Inquire if the Document Custodian is subject to periodic reviews performed by the primary regulator.</li> <li>5. Inquire and report the frequency of reviews by the regulator.</li> </ol>
Reporting and Organizational Structure	<ol style="list-style-type: none"> <li>1. Review Document Custodian organizational structure. <ol style="list-style-type: none"> <li>a. Verify that the Document Custodian operates as a physically separate department from departments that perform mortgage origination, selling and servicing functions.</li> <li>b. Verify that duties are completely segregated between lending and custodian activities.</li> <li>c. Verify that the Document Custodian maintains separate personnel files and operations.</li> </ol> </li> </ol>
Financial Ratings	<ol style="list-style-type: none"> <li>1. Obtain evidence of the Document Custodian's Financial Ratings. <ol style="list-style-type: none"> <li>a. Obtain evidence and report date of the last ratings submitted to Fannie Mae</li> </ol> </li> <li>2. Inquire and report on the frequency that the Document Custodian obtains their ratings.</li> <li>3. Determine if the Document Custodian has adequate procedure in place to monitor their ratings.</li> </ol>
Trust Powers	<ol style="list-style-type: none"> <li>1. Inquire if the Document Custodian is functioning as a Trust Department or functioning under the Trust Powers granted by its regulator.</li> <li>2. If the Document Custodian is self-affiliated, obtain evidence of their Trust Powers. <ol style="list-style-type: none"> <li>a. Indicate the evidence obtained.</li> </ol> </li> <li>3. Verify and document if there are custodial officers who are authorized to act in a trust capacity for the institution. <ol style="list-style-type: none"> <li>a. Report list of custodial officers authorized to act in a trust capacity.</li> </ol> </li> </ol>
Physical Facilities	<ol style="list-style-type: none"> <li>1. Observe that the location and layout of the vault facility effectively limit access to the area.</li> <li>2. Verify that the Document Custodian is able to account for: <ol style="list-style-type: none"> <li>a. The control of the keys,</li> <li>b. Access to area; and,</li> <li>c. All external vault exits.</li> </ol> </li> <li>3. Review the procedures for granting access to vault facilities to ensure that access is granted to personnel on as-needed basis. Personnel not working directly in custodian functions should not have access to the vault. <ol style="list-style-type: none"> <li>a. Verify the existence of a vault visitors' access log (except where a 2-hour fire cabinet or video recording camera is used). <ol style="list-style-type: none"> <li>b. Verify there are procedures in place for terminating the access of employees who no longer need access.</li> <li>c. Inquire and report the frequency of reviews.</li> <li>d. Obtain date and sign-off of last review.</li> </ol> </li> </ol> </li> </ol>

	<ol style="list-style-type: none"> <li>4. Observe the location in which documents are stored, while awaiting filing, to assure that it is secure.</li> <li>5. Review and observe the vault's primary access control.</li> <li>6. Review and observe that the vault has secondary access control.</li> <li>7. Review and observe that there are controls in place to prevent unauthorized access by non-custodial employees to custodial facilities and systems.</li> <li>8. Validate that Document Custodian complies with Fannie Mae access management requirements for Document Certification Application (DocCert) as set forth in the Information Security Business Resiliency Supplement.</li> <li>9. Obtain evidence and state the frequency of authorized user access reviews. <ol style="list-style-type: none"> <li>a. Provide evidence (date and sign-off) of last authorized user access review.</li> </ol> </li> <li>10. Review and observe that the Document Custodian maintains a secure, fire-resistant storage facility that provides at least two hours of fire protection.</li> <li>11. Does the Document Custodian have a qualified independent auditor to conduct a security assessment of its control environment as required by Information Security Business Resiliency Supplement?</li> </ol>
Written Procedures for Certification and Custody	<ol style="list-style-type: none"> <li>1. Review the following written procedures to ensure that they meet Fannie Mae's requirements, as specified in the <i>Requirements for Document Custodians</i>: <ol style="list-style-type: none"> <li>a. Receipt of documents</li> <li>b. Registration into the document tracking system</li> <li>c. Certification of all required data elements</li> <li>d. Verification of all required documents</li> <li>e. Process for certification and custody of Fannie Mae Long Term Standby Commitment (LTSC) Class I and/or Class IV loans, if applicable</li> <li>f. Bailee letter processing, if applicable <ol style="list-style-type: none"> <li>i. Do procedures include a step for a second review prior to certifying to Fannie Mae?</li> </ol> </li> <li>g. Satisfaction of prior creditor interests in Fannie Mae loans, if applicable</li> <li>h. Process for handling missing/incorrect documents and/or data errors found during the document-to-data review <ol style="list-style-type: none"> <li>i. Does procedure include communication with the lender?</li> <li>ii. Does procedure include tracking and follow-up until certification or removal?</li> </ol> </li> <li>i. Document release practices (including execution of Form 2009)</li> <li>j. Document reinstatement</li> <li>k. Servicing/Custodial Transfers (inbound and outbound)</li> <li>l. Concurrent Sale of Servicing Transfer &amp; Custodian to Custodian Transfers (inbound &amp; out bound)</li> <li>m. Details regarding how vault access is controlled and secured</li> <li>n. Process for moving documents within vault/file room as loans are sold to investors</li> <li>o. Process for granting/removing/periodic review (at least annually) of authorized access to the document tracking system and that administration of the system is controlled by the Document Custodian</li> <li>p. Process for immediate notification to Fannie Mae anytime an authorized user of Document Certification ceases to be an authorized user for any reason</li> <li>q. Certification that Fannie Mae is listed in the "Controller" and "Location" fields for eNotes</li> <li>r. Follow-up and receipt of original Form 3269 Balloon Loan Modifications and verification that the document is endorsed in blank (RDC Section 8.5)</li> <li>s. Process for monthly QC performance</li> <li>t. Recertification of documents (including D, I and C codes)</li> <li>u. Process for handling rejected loans in all loan states (pending, certified, qualified-cert and revised)</li> <li>v. Process for review of Recast Modifications</li> <li>w. Process for review of HomeStyle Renovation Agreement</li> <li>x. Financial Institution Number (FIN) Quarterly File Submission</li> <li>y. Other</li> </ol> </li> </ol>
Practices - Certification	<ol style="list-style-type: none"> <li>1. Review certification practices. Assure that these practices meet Fannie Mae's requirements and the Document Custodian's documented procedures. Observe and document any process change or enhancements since previous review/audit.</li> <li>2. Verify and document the certification method used by the Document Custodian. <ol style="list-style-type: none"> <li>a. If certification is performed on an "As Submitted" basis:</li> </ol> </li> </ol>

- i. Request evidence to show that certification is performed against Loan Data obtained from the Fannie Mae Document Certification Application.
      - i. Briefly explain the form of evidence provided.
    - ii. Request evidence to show that all Fannie Mae-required Fixed and Adjustable-Rate certification fields as well as Servicer Name and Number are included in the data comparison.
      - i. Briefly explain the form of evidence provided.
  - b. If pre-submission certification (meaning that certification is performed prior to submission of Loan Data to Fannie Mae) is performed using Lender data:
    - i. Request evidence to show that data used in pre-submission certification is compared to Loan Data obtained from the Fannie Mae Document Certification Application prior to certifying to Fannie Mae. This comparison may be an automated comparison. Any exceptions should have been noted and communicated to the Lender for resolution prior to transmission of a certification status to Fannie Mae.
      - i. Briefly explain the form of evidence provided.
    - ii. Request evidence to show that all the Fannie Mae-required data fields included in the data certification process are in the data comparison, if applicable, including the Bailee Letter name and/or the Form 2004A name as well as Servicer Name and Number.
      - i. Briefly explain the form of evidence provided.
    - iii. Request evidence that demonstrates how the Document Custodian ensures that all pre-certified loans are in their possession at the time of loan certification.
      - i. Briefly explain the form of evidence provided.
    - iv. Request evidence that demonstrates how the Document Custodian ensures that all loans identified as Fannie Mae deliveries are not allocated to any other investor.
      - i. Briefly explain the form of evidence provided.
7. Request evidence that demonstrates all the required Fixed and Adjustable-Rate certification fields are included in the data comparison.
  - i. Briefly explain the form of evidence provided.
3. Request evidence to show that the Document Custodian updates its tracking system as applicable to reflect data revisions accepted by the lender when a loan has a "Qualified Cert" status.
  - a. Briefly explain the form of evidence provided.
4. Request evidence to show that the Document Custodian updates its tracking system as applicable to reflect data corrections following the resolution of non-editable data fields in Document Certification.
  - a. Briefly explain the form of evidence provided.
5. Request evidence to show that the Document Custodian has ongoing feedback and communication regarding outstanding items with its Lender customers.
  - a. Briefly explain the form of evidence provided.
6. Verify that Document Custodian has procedures in place to ensure all notes are endorsed in blank from the Lender.
7. If facsimile signatures are used on blank endorsements:
  - a. Obtain and review the Corporate Resolution recognizing the use of such signatures.
8. If the Document Custodian certifies and holds loans delivered as Long Term Standby Commitment (LTSC) Class I and/or Class IV, review the documentation that supports that:
  - a. The Document Custodian communicates certification status to the Lender and Fannie Mae Single Family Custody Operations within the agreed upon SLA; and,
  - b. The Document Custodian identifies LTSC Class I and/or Class IV loans in their tracking system with Fannie Mae as the investor after loans are funded.
9. Review the Document Custodian's practices and policies to ensure that all practices and procedures comply with Fannie Mae requirements and any updates are promptly incorporated.
  - a. Report the Document Custodian's interval for reviews
  - b. Report the Document Custodian's expected timeline for ensuring requirement updates is properly incorporated

	<ol style="list-style-type: none"> <li>10. Request evidence to demonstrate that the Document custodian has a process in place to consistently obtain, update and track missing Fannie Mae loan numbers in their tracking system. e.g. Prior to processing a Form 2009 Release Request. <ol style="list-style-type: none"> <li>a. Briefly explain the form of evidence provided.</li> </ol> </li> <li>11. If the Document Custodian certifies eNotes, verify that the Document Custodian’s certification practice includes validation that Fannie Mae is listed in the “controller” and “location” fields for all eNotes. <ol style="list-style-type: none"> <li>a. Briefly explain the form of evidence provided.</li> </ol> </li> <li>12. Review the Document Custodian’s procedure and tracking process to assure that the Document Custodian has a process in place to ensure receipt of the original Form 3269 (Balloon Loan Modification Agreement, endorsed to blank) when certification was based on a certified true copy of this document.</li> <li>13. Interview and observe that the Document Custodian employs well-trained and knowledgeable staff that are familiar with the written procedures for certification.</li> </ol>
Practices - Custody	<ol style="list-style-type: none"> <li>1. Ask the Document Custodian to provide an overview and walk-through of the system they use to track the physical location of all Fannie Mae documents and files. Determine if the system has sufficient controls in place or document any gaps.</li> <li>2. Determine if the Document Custodian is able to identify Fannie Mae loans by a physical location and/or through use of a document tracking system. <ol style="list-style-type: none"> <li>a. Request evidence of a loan certified to Fannie Mae and held by the Document Custodian.</li> <li>b. Request evidence of a loan obtained via a Servicing Transfer (D-Code) and recertified by the Document Custodian, if applicable.</li> <li>c. Request evidence of a loan obtained via a Concurrent Sale of Servicing Transfer (I-Code) and recertified by the Document Custodian, if applicable.</li> <li>d. Request evidence of a loan obtained via a Custodial Transfer (C-Code) and recertified by the Document Custodian, if applicable,</li> </ol> </li> <li>3. Verify that appropriate access controls are in place to protect the document tracking system from unauthorized viewing and updating.</li> <li>4. Verify that appropriate access controls are in place to protect Document Certification from unauthorized viewing and updating.</li> <li>5. Interview and observe that the Document Custodian employs well-trained and knowledgeable staff that are familiar with the written procedures for custody.</li> </ol>
Practices - Funding	<ol style="list-style-type: none"> <li>1. If indicated in the executed Form 2001 that Bailee letters are delivered to the Document Custodian request evidence that shows that the Document Custodian has a process in place to withhold certification to Fannie Mae until a 2nd level review has been performed on all bailee loans as required in the Document Certification Job Aid.</li> <li>2. Inquire if the Document Custodian issues trust receipts. If yes, obtain evidence that loans are removed from the trust receipts prior to certification.</li> <li>3. Inquire if loans are funded through a warehouse line prior to sale to Fannie Mae. If yes, obtain evidence that: <ol style="list-style-type: none"> <li>a. Bailee letter Name or 2004A Name is validated in Document Certification prior to certification to Fannie Mae.</li> <li>b. Second level review is performed prior to updating the mortgage loan to a certified status in Document Certification.</li> </ol> </li> <li>4. Inquire if the Document Custodian has knowledge of, or operational involvement in, satisfying prior creditor interests of Fannie Mae loans. If yes, verify that: <ol style="list-style-type: none"> <li>a. The Document Custodian has a process in place to ensure that the loans are released prior to funding.</li> <li>b. The process is documented in a procedure.</li> <li>c. The procedure is testable.</li> </ol> </li> </ol>
Practices - Releases	<ol style="list-style-type: none"> <li>1. Verify that the Document Custodian receives a Form 2009 (Request for Release of Documents) or equivalent prior to document release. Further verify that the form: <ol style="list-style-type: none"> <li>a. Contains all the required data elements, including a 10-digit Fannie Mae loan number.</li> <li>b. Is maintained in either hard copy or electronic format. <ol style="list-style-type: none"> <li>i. If electronic, verify that the Form can be printed in a suitable format upon request.</li> </ol> </li> </ol> </li> </ol>

	<ol style="list-style-type: none"> <li>2. Request evidence to show that releases are processed only when the Form is signed and dated by authorized personnel.</li> <li>3. Request evidence to show that the Document Custodian includes either Form 2009 or a loan manifest with the release package.</li> <li>4. Request evidence to show that prior to executing the release, the Document Custodian's tracking system is updated with the Fannie Mae loan number where it exists on the Form 2009 but not in their tracking system.</li> <li>5. Request evidence to show that the Document Custodian is tracking documents that have been released for non-liquidation purposes (e.g., not paid in full, repurchased or liquidated as a result of foreclosure, short sale, or Mortgage Release) for more than 90 days. <ol style="list-style-type: none"> <li>a. Request evidence to show that the Document Custodian reports the 180-day report to Fannie Mae</li> <li>b. Document the date of the last report</li> </ol> </li> </ol>
Practices - Transfers	<ol style="list-style-type: none"> <li>1. Inquire if the Document Custodian processed incoming document transfers, such as: <ol style="list-style-type: none"> <li>a. Servicing Transfers (D-Code);</li> <li>b. Concurrent Sale of Servicing Transfers (I-Code); and,</li> <li>c. Custodial Transfers (C-Code).</li> </ol> </li> <li>2. For all (not limited to transfers processed within the audit scope period) Servicing Transfers (D-Code) &amp; Custodian Transfers (C-Code) - has the Document Custodian provided: <ol style="list-style-type: none"> <li>a. Evidence of the recertification completion date(s).</li> <li>b. Evidence the Document Custodian began a reconciliation of Documents to a loan trial balance within 30 days of receipt of the Loan Data and at least some of the Documents, including a Form 2009 when a loan has been released for non-liquidation purposes.</li> <li>c. Evidence that the Document Custodian completes the recertification of loans within the 6-month period required by Fannie Mae for servicing transfer and custodial transfers.</li> <li>d. Evidence of tracking system's ability to indicate whether loans have been recertified following an incoming transfer.</li> <li>e. Evidence that all Mortgage Loans received as a result of a transfer have been reported to Fannie Mae via a "Recert Start" and "Recert Completion" file.</li> <li>f. Evidence that the recertification procedures include the process steps listed in the Fannie Mae Document Transfer Job Aid</li> <li>g. Verify the Document Custodian's ability to demonstrate that staff follow the servicing transfer recertification procedure.</li> <li>h. Evidence that Document Custodian Tracking System reflects the correct D or C code for all recertified loans based on the specific transfer type.</li> </ol> </li> <li>3. Inquire if the Document Custodian has any transfer recertifications that remain open. Note: This includes all open transfers and not limited to transfers with effective dates within the audit review period. <ol style="list-style-type: none"> <li>a. If yes, what were the initial due dates?</li> <li>b. Have the due dates expired?</li> <li>c. If yes, does the Document Custodian have evidence of an extension approval?</li> <li>d. If yes, obtain evidence and provide a list of the identified open transfers for recertification.</li> <li>e. For each outstanding transfer recertification without an extension, please document the following: <ol style="list-style-type: none"> <li>i. Log number and effective date of transfer.</li> <li>ii. Transferor Servicer (Name &amp; Number) and transferee Servicer (Name &amp; Number).</li> <li>iii. Original Document Custodian and new Document Custodian.</li> <li>iv. Outstanding issues.</li> </ol> </li> </ol> </li> <li>4. Inquire if the Document Custodian performs certification of Mortgage Loans as a part of Concurrent Sale of Servicing (I-Code) transactions. If no, proceed to # 5. <ol style="list-style-type: none"> <li>a. For all Concurrent Sale of Servicing transactions, where documents do not transfer, does the Document Custodian have executed Custodial Agreements (Form 2017) for both Seller and Servicer?</li> <li>b. For Concurrent Sale of Servicing transactions, when certifying on behalf of the Seller only, where documents <b>do</b> transfer, obtain evidence to confirm that the Document Custodian: <ol style="list-style-type: none"> <li>i. Ships documents to the Transferee Document Custodian only after receiving notification from the Lender</li> </ol> </li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>ii. Ensures documents are shipped to the Transferee Document Custodian immediately following the Lender's notification</li> <li>iii. Has a documented process in place for notifying their Fannie Mae Custody Operations POC when Concurrent Sale of Servicing Transfer Loans are shipped to the new Document Custodian</li> <li>iv. Ensures they provide their contact information to the Transferee Document Custodian</li> <li>v. Reflects the Lender's notification date as the Transfer Effective Date</li> <li>vi. Has a process in place to contact the Seller if notification is not received within 5 business days of document certification</li> </ul> <ul style="list-style-type: none"> <li>c. Obtain evidence to confirm that the Document Custodian is able to track and report all loans certified under a Concurrent Sale of Servicing whether the documents are held in custody or transferred to a different Document Custodian?</li> <li>d. Obtain evidence to confirm that the Document Custodian is able to monitor and track all certified loans while awaiting notification from the Lender.</li> </ul> <p>5. Inquire if the Document Custodian performs recertification of Mortgage Loans as a part of Concurrent Sale of Servicing transactions for the servicer. If no, proceed to next section.</p> <ul style="list-style-type: none"> <li>a. If yes, does the Document Custodian have an executed Custodian Agreement (Form 2017) with the Servicer?</li> <li>b. If yes, does the Document Custodian have evidence of I-Code request from Fannie Mae?</li> <li>c. Does the Document Custodian have evidence that the respective list of Mortgage Loans was provided to Fannie Mae for each I-Code request?</li> <li>d. Did the Document Custodian submit a Recert Start File and Recert Completion File to Fannie Mae?</li> <li>e. Does the Document Custodian have evidence that recertification for all Mortgage Loans was completed within 30 days of receipt of data &amp; documents?</li> </ul>
Practices – Monthly QC	<ol style="list-style-type: none"> <li>1. Verify that the Document Custodian has a monthly QC process in place at each location that certifies loans. Provide a summary of the QC processes.</li> <li>2. Obtain evidence that the Document Custodian retained evidence of the loan population samples related to QC reviews for the past 12 months (loan population list including product type and certifier)?</li> <li>3. Has the custodian retained QC Findings Reports for the past 12 months?</li> <li>4. Has the custodian retained evidence of QC results that were reviewed and signed off by document custody management staff for the past 12 months?</li> <li>5. Has the custodian retained QC remediation evidence for all issues identified for the past 12 months?</li> <li>6. Do the procedures include methods used when additional sampling is required due to (a) identified systemic or certifier errors (b) overall error rate exceeding 3% for three consecutive months? <ul style="list-style-type: none"> <li>a. Can the method used to determine the sample size be summarized clearly for another user to follow?</li> </ul> </li> <li>7. Do the monthly QCs for the past 12 months meet the sample size requirements outlined in the custodian's procedures?</li> <li>8. Does the Document Custodian have evidence that monthly OIs are reported with the QC results?</li> <li>9. Does the Document Custodian have evidence that reflects monthly QC reporting on statuses of open Concurrent Sale of Servicing (I-Code) &amp; Custodian Transfers (C-Code) transaction types? <ul style="list-style-type: none"> <li>a. Does the Document Custodian have evidence that monthly OIs are reported with the QC results?</li> <li>b. Does the status report include a loan count?</li> </ul> </li> </ol>
Operating Standards	<ol style="list-style-type: none"> <li>1. Inquire if the Document Custodian is engaged in any outsourcing or offshoring (Fourth Party to Fannie Mae) production activity. <ul style="list-style-type: none"> <li>a. If yes, request verification from the Document Custodian that there have been no changes with respect to any previously approved outsourcing or offshoring arrangements or if the Document Custodian is engaged in new outsourcing or offshoring arrangements not previously disclosed or approved involving Fannie Mae Confidential Information.</li> <li>b. Request evidence of Fannie Mae prior approval of any new outsourcing or offshoring arrangements.</li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>c. Request evidence that the Document Custodian provided a list of all active Fourth Parties performing functions on Fannie Mae work.</li> <li>d. Request verification from Document Custodian that it has maintained policies and procedures that provide appropriate oversight of these Fourth Parties.</li> </ul>
Conflict of Interest	<ol style="list-style-type: none"> <li>1. Request evidence to show that the Document Custodian has a conflict-of-interest policy that would identify any potential conflicts with Fannie Mae.</li> </ol>
Business Continuity and Disaster Recovery	<ol style="list-style-type: none"> <li>1. Request evidence of the existence of the Document Custodian's (or affiliated entities) written business continuity/disaster recovery plan.</li> <li>2. Ensure the plan: <ul style="list-style-type: none"> <li>a. Identifies critical functions, resources dependencies, and emergency contacts.</li> <li>b. Includes internal and external communication procedures and responsibility assignments, including a "Call Tree" to identify whom to call during an emergency and in what order.</li> <li>c. Includes provisions for off-site retention of critical systems and data file resources.</li> <li>d. Outlines a plan for the existing documents in the vault in the event of fire, water damage or any other disaster such that there is a need to move documents to a back-up facility or restore the documents. <ol style="list-style-type: none"> <li>i. Is this plan testable?</li> <li>ii. Is there evidence to confirm that the alternate site has adequate capacity for the existing inventory?</li> </ol> </li> <li>e. Includes alternate processing facilities, and network and telecommunication capabilities. <ol style="list-style-type: none"> <li>i. Is this infrastructure testable?</li> <li>ii. Does the plan include a consistent frequency for testing the infrastructure?</li> <li>iii. If yes, request evidence of the last test event.</li> <li>iv. Request evidence of the results of the last test event.</li> </ol> </li> <li>f. Identifies designated, fully trained staff and accommodation for ensuring ongoing operation functions at the alternate facilities</li> <li>g. Covers restoration of facilities and backup and recovery of data processing systems.</li> <li>h. Outlines a plan in the event MERS becomes inoperable.</li> <li>i. Includes recovery strategies for a loss of facility, personnel, technology and third-parties. <ol style="list-style-type: none"> <li>i. Does the plan clearly define Return to Operation (RTO) times?</li> </ol> </li> </ul> </li> <li>3. Includes recovery strategies for a loss of facility, personnel, technology and third-parties. Request evidence to show that the business continuity/disaster recovery plan is tested at least annually and note the date of the last test.</li> </ol>
<b>Section 3: Fannie Mae Information Security and Business Resiliency (ISBR) Assessments.</b>	
ISBR & Business Resiliency Attestation	<ol style="list-style-type: none"> <li>1. Has the Document Custodian included an attestation of completion of: <ul style="list-style-type: none"> <li>a. Independent Audit Requirements for Document Custodians – Supplemental Requirement for Information Security</li> <li>b. Independent Audit Requirements for Document Custodians – Supplemental Requirement for Business Resiliency</li> <li>c.</li> </ul> </li> </ol>