

## **APPENDIX V-1**

# **GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

---

## **GINNIE MAE**

# **MORTGAGE-BACKED SECURITIES PROGRAM**

## **DOCUMENT CUSTODIAN MANUAL**

---



---

## TABLE OF CONTENTS

|   | Page       |
|---|------------|
| <b>GLOSSARY.....</b>  | <b>G-1</b> |
| <b>CHAPTER 1. THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN.....</b>           | <b>1-1</b> |
| A. THE GINNIE MAE DOCUMENT CUSTODIAN’S ROLE.....  | 1-1        |
| B. THE MASTER CUSTODIAL AGREEMENT .....   | 1-1        |
| C. SAFEKEEPING REQUIREMENTS .....   | 1-2        |
| D. THE CERTIFICATION PROCESS.....   | 1-2        |
| E. CERTIFICATION TIME LIMITATION .....  | 1-3        |
| F. CONTROL OF DOCUMENTS.....  | 1-3        |
| G. HUD FORMS AND OTHER POOL DOCUMENTS .....   | 1-3        |
| <b>CHAPTER 2. DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS .....</b>                                 | <b>2-1</b> |
| A. GENERAL ELIGIBILITY REQUIREMENTS .....   | 2-1        |
| B. REQUIREMENTS FOR RELATED-PARTY DOCUMENT CUSTODIANS.....  | 2-2        |
| C. ELIGIBILITY .....  | 2-3        |
| D. MASTER DOCUMENT CUSTODIAN ELIGIBILITY .....  | 2-4        |
| E. ELIGIBILITY FOR NEW GINNIE MAE DOCUMENT CUSTODIAN ID NUMBER .....                                | 2-4        |
| <b>CHAPTER 3. SINGLE-FAMILY POOLS.....</b>  | <b>3-1</b> |
| A. DESCRIPTION OF SINGLE-FAMILY POOLS (SF, BD, AQ, AR, AT, AF, AS, AX, GP, GT, GA, GD AND SN) ..... | 3-1        |
| B. RESPONSIBILITIES.....  | 3-1        |
| C. INITIAL CERTIFICATIONS .....   | 3-2        |
| D. FINAL CERTIFICATIONS .....   | 3-7        |
| E. RECERTIFICATIONS .....   | 3-11       |
| F. UPDATE OF LEGAL OPINIONS.....  | 3-12       |
| <b>CHAPTER 4. MANUFACTURED HOME LOAN POOLS.....</b>   | <b>4-1</b> |
| A. DESCRIPTION OF MANUFACTURED HOME LOAN POOLS (MH).....  | 4-1        |
| B. RESPONSIBILITIES.....  | 4-1        |
| C. INITIAL CERTIFICATIONS .....   | 4-1        |
| D. FINAL CERTIFICATIONS .....   | 4-6        |
| E. RECERTIFICATIONS .....   | 4-9        |
| F. UPDATE OF LEGAL OPINIONS.....  | 4-10       |
| <b>CHAPTER 5. CONSTRUCTION LOAN POOLS .....</b>   | <b>5-1</b> |
| A. DESCRIPTION OF CONSTRUCTION LOAN POOLS (CL AND CS).....  | 5-1        |
| B. RESPONSIBILITIES.....  | 5-1        |
| C. CERTIFICATIONS .....   | 5-1        |
| D. RECERTIFICATIONS.....  | 5-9        |
| E. UPDATE OF LEGAL OPINIONS .....   | 5-10       |

---



---

|  |                 |
|--|-----------------|
| <b>CHAPTER 6. PROJECT LOAN POOLS .....</b>   | <b>6-1</b>      |
| A. DESCRIPTION OF PROJECT LOAN POOLS (PL, PN, LM AND LS) .....                             | 6-1             |
| B. RESPONSIBILITIES .....  | 6-1             |
| C. CERTIFICATIONS .....  | 6-2             |
| D. RECERTIFICATIONS .....  | 6-8             |
| E. UPDATE OF LEGAL OPINIONS .....  | 6-9             |
| <br><b>CHAPTER 7. OPERATIONAL PROCEDURES.....</b>  | <br><b>7-1</b>  |
| A. RELEASE AND RETURN OF DOCUMENTS (FORM HUD 11708).....                                   | 7-1             |
| B. TERMINATION PRIOR TO MATURITY OF POOL .....   | 7-4             |
| C. TRANSFER OF CUSTODY BY GINNIE MAE.....  | 7-4             |
| D. TRANSFER OF ISSUER RESPONSIBILITIES .....   | 7-4             |
| E. TRANSFER OF DOCUMENT CUSTODIAN RESPONSIBILITIES .....                                   | 7-5             |
| F. PHYSICAL SECURITY .....   | 7-5             |
| G. INVENTORY ACCOUNTING.....   | 7-6             |
| H. DOCUMENT EXCEPTIONS.....  | 7-8             |
| I. MISSING DOCUMENT RESOLUTION.....  | 7-8             |
| J. ISSUER CORPORATE NAME CHANGES .....   | 7-9             |
| <br><b>CHAPTER 8. THIRD PARTY COMPLIANCE OVERSIGHT .....</b>                               | <br><b>8-1</b>  |
| A. INDEPENDENT AUDITORS (IA) .....   | 8-1             |
| B. COMPLIANCE REVIEW AGENT (CRA) .....   | 8-1             |
| <br><b>CHAPTER 9. COMMONLY ASKED QUESTIONS AND ANSWERS .....</b>                           | <br><b>9-1</b>  |
| <br><b>CHAPTER 10. HOME EQUITY CONVERSION MORTGAGE LOAN POOLS (HMBS).....</b>              | <br><b>10-1</b> |
| A. DESCRIPTION OF HOME EQUITY CONVERSION MORTGAGE LOAN POOLS.....                          | 10-1            |
| B. RESPONSIBILITIES .....  | 10-1            |
| C. INITIAL CERTIFICATION: NON-REPRESENTATIONS & WARRANTIES (“R&W) AND<br>R & W ISSUER..... | 10-2            |
| D-1. FINAL CERTIFICATION FOR NON-R&W ISSUERS .....   | 10-11           |
| D-2. FINAL CERTIFICATION FOR REPS & WARRANTIES (R&W) ISSUERS .....                         | 10-19           |
| E. RECERTIFICATION .....   | 10-19           |
| F. UPDATE OF LEGAL OPINIONS .....  | 10-23           |

---

---



---

## Appendices

|      |  |       |
|------|--|-------|
| I.   | Lost Instrument Bond with Unlimited Liability .....                                      | I-1   |
| II.  | Checklists.....  | II-1  |
|      | Single Family Mortgage Pool Submissions (SF, BD, AQ, AR, GP, GT, GA,<br>GD and SN) ..... | II-2  |
|      | Manufactured Home Loan Pool Submissions (MH).....  | II-12 |
|      | Construction Loan Pool Submissions (CL and CS).....                                      | II-20 |
|      | Project Loan Pool Submissions (PL, PN, LM and LS).....                                   | II-29 |
|      | Pool Submissions Recertification .....   | II-37 |
| III. | Acceptable Alternate Documents.....  | III-1 |

***This Document Custodian Manual (“Manual”) has been developed to provide guidance for Ginnie Mae document custodians. Where there is an apparent inconsistency between this Manual and the applicable Guaranty Agreement or the Ginnie Mae Guide, the provisions of the applicable Guaranty Agreement or Guide will govern.***

## GLOSSARY

---

|  |   |
|--|---|
| <b>ADDENDUM:</b>   | A document attached to the note or security instrument.   |
| <b>AF:</b>   | Five-year hybrid adjustable rate security designation.  |
| <b>AFFILIATE:</b>  | An organization that can exercise control or significant influence over the management or operating policies of the issuer, directly or indirectly, through some type of control or ownership, as defined in GAAP FAS-57. |
| <b>AFTER-ACQUIRED TITLE:</b>   | The property title acquired after the execution of a security agreement that will serve as additional security for the underlying debt.   |
| <b>ALLONGE:</b>  | An attachment to a promissory note or a negotiable instrument where additional endorsements can be added.   |
| <b>AQ:</b>   | Designation for a type of one-year adjustable rate security with pooling parameters that differ from AR.  |
| <b>AR:</b>   | Designation for a one-year adjustable rate security.  |
| <b>AS:</b>   | Seven-year hybrid adjustable rate security.   |
| <b>ASSIGN IN BLANK:</b>  | Transfer the ownership rights in one or more pooled mortgages or mortgages related to pooled Participations from the Issuer to an unspecified party to be named at a later time.  |
| <b>ASSIGNMENT:</b>   | Transfer of a right, title, or interest in mortgages or Ginnie Mae securities, or the transfer instrument.  |
| <b>AT:</b>   | Three-year hybrid adjustable rate security.   |
| <b>AUTHORIZED SIGNER:</b>  | An authorized officer of the issuer whose name appears on the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702.  |
| <b>AX:</b>   | Ten-year hybrid adjustable rate security.   |
| <b>BD:</b>   | Designation for a pool of single-family, level payment mortgages that contains one or more buydown mortgages.   |
| <b>BLANKET INTERIM ASSIGNMENT (OR BLANKET INTERVENING ASSIGNMENT):</b> | Transfer of ownership of more than one mortgage from the previous owner of the mortgages to the new issuer that pools the mortgages or pools the Participations related to the mortgages.                                 |
| <b>BLANKET LEGAL OPINION:</b>  | A document expressing the opinion of qualified legal counsel on a group of similar documents or instruments as opposed to a separate opinion on each document or instrument.  |

## GLOSSARY

---

|  |   |
|--|---|
| <b>BUYDOWN MORTGAGE:</b>   | A single-family, level payment mortgage in which funds are provided by a third party (other than the mortgagor or mortgagee) to reduce the mortgagor's monthly payments during the early years of the mortgage.   |
| <b>CA:</b>   | See "Compliance Agent."   |
| <b>CEMA:</b>   | See "Consolidation, Extension and Modification Agreement."  |
| <b>CENTRAL PAYING AND<br/>TRANSFER AGENT<br/>(CPTA):</b>                       | The institution that Ginnie Mae employs to act on its behalf to prepare certificates for MBS, to cancel and re-register certificates tendered in good form by or on behalf of security holders, to maintain a record of securities ownership and transfer information, to pay Ginnie Mae II security holders and collect Ginnie Mae I and Ginnie Mae II guaranty fees, and to perform other duties with respect to Ginnie Mae MBS.        |
| <b>CERTIFICATE OF TITLE:</b>   | A statement of opinion on the status of the title to a parcel of real property based on an examination of specified public records.   |
| <b>CHATTEL:</b>  | Personal property, including manufactured housing units not permanently affixed to real property.   |
| <b>CL:</b>   | The designation for a pool that (a) consists of a single mortgage on a multifamily project under construction and (b) backs a security with an interest rate that will also be the interest rate on the project loan security into which the related construction loan security will be converted.  |
| <b>CLERK-CERTIFIED COPY:</b>   | A "true and correct" copy certified by the recorder's office.   |
| <b>COMPLIANCE AGENT<br/>(CA):</b>  | The institution that Ginnie Mae employs to conduct compliance and special reviews of Ginnie Mae issuers and custodians.   |
| <b>CONSOLIDATION,<br/>EXTENSION AND<br/>MODIFICATION<br/>AGREEMENT (CEMA):</b> | Combines into one set of rights and obligations all the promises and agreements stated in existing notes and mortgages secured by the mortgaged property, including, if new funds are advanced to the mortgagor at the time of the consolidation, a new note and mortgage. The result is that the mortgagor has one consolidated loan obligation, evidenced by a consolidated note that is paid in accordance with the terms of the CEMA. |
| <b>CONVEYANCE<br/>ACKNOWLEDGMENT<br/>(JURAT):</b>                              | A formal declaration attached to or a part of an instrument used to effect a transfer of an interest in real estate. The acknowledgment is made before a duly authorized officer (usually a notary public) by the party that has executed the instrument.   |
| <b>CPTA:</b>   | See "Central Paying and Transfer Agent."  |

## GLOSSARY

---

|                                 |   |
|---------------------------------|---|
| <b>CS:</b>                      | The designation for a pool that (a) consists of a single mortgage on a project under construction and (b) backs securities with an interest rate that will differ from the interest rate on the project loan securities into which the related construction loan securities will be converted.                              |
| <b>CUSTODIAL FEES:</b>          | The compensation agreed to by the issuer and the document custodian for the custodial services performed by the document custodian.   |
| <b>CUSTODIAL SUBCONTRACTOR:</b> | A Ginnie Mae-approved subcontractor to a master document custodian that meets all requirements to serve as a document custodian, except the requirement that it be a federally-regulated financial institution.   |
| <b>CUSTODIAN:</b>               | See "Document Custodian."   |
| <b>DEED OF TRUST:</b>           | A conveyance (of real estate title) by a mortgagor to a trustee as collateral security for the payment of a debt with the condition that the trustee must re-convey the title to the mortgagor upon satisfaction of the debt or, in the event of a default, sell the collateral real estate and pay the debt to the lender. |
| <b>DELIVERY DATE:</b>           | In the case of book-entry securities, the date that the CPTA releases securities to the depository, or, in the case of certificated securities, to the party, other than the depository, named in the related Schedule of Subscribers and Ginnie Mae Guaranty/Contractual Agreement.  |
| <b>DOCUMENT CUSTODIAN:</b>      | A financial institution that holds the required documents relating to the pooled mortgages or mortgages related to the pooled Participations for the life of a Ginnie Mae pool or until it is replaced by another such institution.   |
| <b>DUAL OBLIGEE:</b>            | Two parties that are debtors under a single promissory note.  |
| <b>ENDORSEMENT:</b>             | The assignment of an entire interest in a promissory note from one holder to another or to Ginnie Mae.  |
| <b>EQUITY:</b>                  | The interest or value that an owner has in a property in excess of any related mortgage indebtedness.   |
| <b>EXECUTED:</b>                | With respect to a document, completed (i.e., signed).   |
| <b>EXHIBIT A:</b>               | The list of pool numbers submitted to Ginnie Mae with a request for transfer of pool documents. Exhibit A is prepared by the issuer and signed by the new document custodian upon acceptance of the transferred loan files.   |
| <b>FHA:</b>                     | Federal Housing Administration, an agency of the United States  |

## GLOSSARY

---

|                                |   |
|--------------------------------|---|
|                                | Department of Housing and Urban Development (HUD).  |
| <b>FHA BILLING STATEMENT:</b>  | A copy of an FHA invoice evidencing FHA insurance on a Title I manufactured housing Loan.   |
| <b>FINAL CERTIFICATION:</b>    | For a pool of loans or Participations, the certification by a document custodian to Ginnie Mae that all required loan documents have been delivered to it by the issuer and satisfy the requirements of the Guide.  |
| <b>FORECLOSURE:</b>            | A legal procedure whereby property used as security for a debt is sold or the title is taken in order to satisfy the debt because of a default in payment or otherwise under the mortgage.  |
| <b>GA:</b>                     | The designation for a pool of single-family mortgages on which the monthly payments increase at a rate of 4 percent annually over the life of on each loan.   |
| <b>GD:</b>                     | The designation for a pool of single-family mortgages on which the monthly payments increase annually at a rate and for a number of years acceptable to FHA or VA.  |
| <b>GEM:</b>                    | See "Growing Equity Mortgage."  |
| <b>GINNIE MAE OR GNMA:</b>     | Government National Mortgage Association, a wholly owned corporate instrumentality of the United States Department of Housing and Urban Development.  |
| <b>GINNIE MAE I:</b>           | The mortgage-backed securities program in which the timely payment of principal and interest on the securities is guaranteed by Ginnie Mae, and issuers are required to pay security holders of certificated securities directly and make funds available for payments to the depository, as security holder of all book-entry securities. The payment date is the 15th of the month, subject to adjustment as specified in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3. This program is governed by the provisions contained in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3. |
| <b>GINNIE MAE II:</b>          | The mortgage-backed securities program in which the timely payment of principal and interest on the securities is guaranteed by Ginnie Mae, and Ginnie Mae relies on the CPTA to pay security holders. The payment date is the 20th of the month, subject to adjustment as specified in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3. This program is governed by the provisions contained in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3.   |
| <b>GINNIE MAE INITIATIVES:</b> | Describes special provisions that may apply under certain specified conditions.   |



## GLOSSARY

---

|   |   |
|---|---|
| <b>GINNIENET:</b>   | A Ginnie Mae application that provides issuers and custodians the ability to electronically submit pools, complete certifications, transmit various reports, and transfer pools from existing to new custodians via a dedicated network to the Pool Processing Agent (PPA). |
| <b>GOVERNMENT SPONSORED ENTERPRISE (GSE):</b>                             | An entity, such as Fannie Mae or Freddie Mac that promotes liquidity in the secondary market by purchasing loans from lenders. Securities issued by Fannie Mae or Freddie Mac are not backed by the full faith and credit of the United States government.                  |
| <b>GP:</b>  | The designation for a pool of single-family mortgages on which monthly payments increase annually for the first 5 years.  |
| <b>GPM:</b>   | See "Graduated Payment Mortgage."   |
| <b>GRADUATED PAYMENT MORTGAGE (GPM):</b>                                  | A loan on which monthly payments increase annually for a period of years.   |
| <b>GROWING EQUITY MORTGAGE (GEM):</b>                                     | A mortgage on which monthly payments increase annually at a predetermined rate for a period of years or over the life of the loan.  |
| <b>GSE:</b>   | See "Government Sponsored Enterprise."  |
| <b>GT:</b>  | The designation for a pool of single-family mortgages on which the monthly payments increase annually for the first 10 years.   |
| <b>GUIDE:</b>   | Ginnie Mae Mortgage-Backed Securities Guide, 5500.3, as hereafter amended.  |
| <b>HAWAIIAN HOMELANDS HOMEOWNERSHIP ACT OF 2000 (HAWAIIAN HOMELANDS):</b> | A mortgage loan used to purchase, construct, and/or rehabilitate single-family homes on Hawaiian Home Lands, and guaranteed by HUD under the native Hawaiian Loan Guarantee Fund (Section 184A).  |
| <b>HOLDER:</b>  | Any person or legal entity that is the owner of a mortgage-backed security issued under the Ginnie Mae I or Ginnie Mae II Mortgage-Backed Securities Program.   |
| <b>IA:</b>  | See "Independent Auditor."  |
| <b>IA REPORT:</b>   | The Independent Auditor's audit report on an issuer's annual financial statements.  |
| <b>INDEPENDENT AUDITOR (IA):</b>  | An auditor that meets the auditor qualifications of Government Auditing Standards, including the qualifications relating to independence and continuing professional education.   |

## GLOSSARY

---

|  |  |
|--|--|
|  | Additionally, the audit organization must meet the quality control standards of Government Auditing Standards.   |
| <b>INITIAL CERTIFICATION:</b>                    | For a pool of loans or Participations, a certification by a document custodian to Ginnie Mae that all required documents have been received from the issuer and that the documents satisfy the requirements of the Guide.  |
| <b>INTEGRATED POOL MANAGEMENT SYSTEM (IPMS):</b> | A system established by Ginnie Mae to manage the disbursement of congressionally authorized commitment authority to guarantee mortgage-backed securities under the Ginnie Mae MBS Program. The issuer requests initial or additional commitment authority, which is aggregated, as approved, and is referred to as a commitment authority account or "line." As an issuer issues approved securities backed by pools of mortgages, Ginnie Mae enters the amount of securities issued into the automated commitment file and the commitment line is automatically drawn down. |
| <b>INTERIM ASSIGNMENT:</b>                       | The transfer of or conveyance of ownership rights to another party.  |
| <b>INTERVENING ASSIGNMENT:</b>                   | See "Interim Assignment."  |
| <b>IPMS:</b>                                     | See "Integrated Pool Management System."   |
| <b>ISSUE DATE:</b>                               | The date from which an MBS issued under the Ginnie Mae MBS program accrues interest. The issue date is always the first calendar day of the month of issue.  |
| <b>ISSUER:</b>                                   | A business organization that, having met certain criteria, has been approved to issue securities guaranteed by Ginnie Mae.   |
| <b>ISSUER MASTER FILE:</b>                       | File held by a document custodian containing the issuer's custodial register, an original of all forms and legal opinions and any other issuer level documents.  |
| <b>JURAT:</b>                                    | See "Conveyance Acknowledgment."   |
| <b>LEGAL OPINION:</b>                            | A formal written opinion that cites legal precedent from qualified outside/third party legal counsel as to whether a security instrument or other document complies with jurisdictional law and/or practice.   |
| <b>LGC:</b>                                      | An abbreviation for the Loan Guaranty Certificate issued by the U.S. Department of Veterans Affairs (VA).  |
| <b>LIBER AND FOLIO:</b>                          | A recording reference used in various recording jurisdictions to refer to a specific "book and page" or "volume and page."   |

## GLOSSARY

---

|                                    |  |
|------------------------------------|--|
| <b>LM:</b>                         | The designation for a pool consisting of a single project loan with a first scheduled payment date more than 24 months before the issue date of the related securities or a project loan that has been modified subsequent to final endorsement.   |
| <b>LS:</b>                         | The designation for a pool consisting of one or more project loans, each of which is secured by a lien on a small project as determined by FHA has a first scheduled payment date no more than 24 months before the issue date of the related securities, and none of which has been modified subsequent to final endorsement.   |
| <b>MANUAL:</b>                     | Ginnie Mae Mortgage-Backed Securities Program Document Custodian Manual.   |
| <b>MANUFACTURED HOME:</b>          | A single-family residential unit that is constructed in a factory in sections (in accordance with the Federal Manufactured Construction and Safety Standards then in force and identified by the presence of a HUD Plate/Compliance Certificate (label), with the sections then transported to the site and joined together on a pre-built permanent foundation (which satisfies the manufacturer's requirements and all state, county, and local building codes and regulations). The manufactured home has a structural frame (or chassis) that supports the complete unit of walls, floors, and roof; the underneath part of the home may have running gear (wheels, axles, and brakes) that enable it to be transported to the permanent site. |
| <b>MARKETABLE TITLE:</b>           | Marketable title is one that may be completely clear or have only minor objections that would not jeopardize the validity of the lien and that a well-informed and prudent buyer of real estate would accept.  |
| <b>MASTER CUSTODIAL AGREEMENT:</b> | The contractual agreement (Form HUD11715, Master Custodial Agreement) that sets forth the responsibilities of both the issuer and the document custodian, and formally establishes the custodial relationship for the safekeeping of pool and loan documents.  |
| <b>MASTER DOCUMENT CUSTODIAN:</b>  | A federally-regulated financial institution that employs qualified custodians as custodial subcontractors to hold documents, but is responsible for the performance of the subcontractors. See "Custodial Subcontractor."  |
| <b>MBS:</b>                        | One or more Ginnie Mae mortgage-backed securities.   |
| <b>MERS:</b>                       | An electronic loan registry created by the mortgage banking industry to streamline the mortgage process by using electronic commerce to eliminate the use of paper assignments. MERS   |

## GLOSSARY

---

acts as nominee in the county land records for the lender and servicer. Any loan registered on the MERS® System is inoculated against future Assignments because MERS remains the nominal mortgagee no matter how many times servicing is traded or transferred.

**MF:** The designation for a pool type consisting of multifamily mortgage loans.

**MH:** The designation for a pool type consisting of manufactured home loans (mobile home loans).

**MIC:** An abbreviation for the Federal Housing Administration's Mortgage Insurance Certificate.

**MORTGAGE:** Any mortgage identified and described in the related Schedule of Pooled Mortgages, form HUD11706 or Schedule of Pooled Participations and Mortgages, form HUD 11706-H, submitted to Ginnie Mae. As used in the applicable Guaranty Agreement and in the Guide, the term "mortgage" shall be construed to include a security instrument, together with the obligation secured thereby, the title evidence, and all other documents, instruments, and other papers pertaining thereto, and the transaction(s) to which they relate, and all claims, funds, payments, proceeds, recoveries, property, monies, or assets related in any way thereto, including but not limited to any and all mortgage insurance or loan guaranty claim proceeds, hazard insurance proceeds, payments by mortgagors, refunds, rents, foreclosures or sales proceeds, and escrowed items. For HMBS pools, the term "mortgage" shall also be construed to include, but not be limited to, payments made to, on behalf of, or by the mortgagor in respect of the mortgages after the issue date of the MBS and all unscheduled recoveries of principal received on the mortgages after the issue date.

**MORTGAGE-BACKED SECURITY (MBS):** A financial obligation secured by a pool of mortgages or Participations related to mortgages.

**MORTGAGE GUARANTY:** Refers to the VA, RD or PIH promise to pay the mortgagee, or new issuer, a specified percentage of the unpaid principal balance, interest, and certain foreclosure costs in the event a mortgage defaults.

**MORTGAGE INSURANCE:** Refers to the FHA's promise to pay the mortgagee, or new issuer, a specified percentage of the unpaid principal, interest, and certain foreclosure costs in the event a mortgagor defaults.

**MORTGAGE MARGIN:** The amount, stated in basis points, that is added to the ARM Index for an ARM loan in order to determine the interest rate on the loan.

## GLOSSARY

---

|                                   |   |
|-----------------------------------|---|
| <b>MORTGAGEE:</b>                 | The lender in a mortgage transaction. A mortgagee may also be an issuer of Ginnie Mae securities.   |
| <b>MORTGAGOR:</b>                 | A party that borrows money giving a mortgage or deed of trust on real property as collateral (a debtor).  |
| <b>NEW DOCUMENT CUSTODIAN:</b>    | The document custodian that receives required pool and loan documents when there is a Ginnie Mae-approved change in custodial responsibilities.   |
| <b>NEW ISSUER:</b>                | The Ginnie Mae MBS issuer that receives the servicing rights to pools transferred from another issuer with Ginnie Mae approval.   |
| <b>P&amp;I:</b>                   | Principal and interest.   |
| <b>P&amp;I CUSTODIAL ACCOUNT:</b> | The non-interest bearing account that the issuer maintains with a financial institution for the deposit of principal (including scheduled and unscheduled principal) and interest collected from mortgagors, or in connection with the related property, to be paid to security holders.  |
| <b>PERFORMANCE BOND:</b>          | Surety bond given by one party to another in connection with a contract, protecting the second party against loss in the event that the terms of the contract are not fulfilled.  |
| <b>PIH:</b>                       | See “Public and Indian Housing” loan.   |
| <b>PL:</b>                        | The designation for a pool consisting of a single, level payment project loan that has a first scheduled payment date 24 months or less before the issue date of the related securities and that has not been modified subsequent to final endorsement.   |
| <b>PN:</b>                        | The designation for a pool consisting of a single, non-level payment project loan that has a first scheduled payment date 24 months or less before the issue date of the related securities and that has not been modified subsequent to final endorsement.   |
| <b>POOL:</b>                      | Under the Ginnie Mae I program, a single loan that backs, or a group of loans combined to back, an issuance of mortgage-backed securities. Under the Ginnie Mae II program, a group of loans combined to back an issuance of mortgage-backed securities for a custom pool or a group of loan packages combined to back an issuance of mortgage-backed securities for a multiple-issuer pool. For HMBS pools in the Ginnie Mae II MBS Program, a group of Participations combined to back an issuance of mortgage-backed securities for a custom pool. For purposes of this Manual, pool means a pool and/or a loan package. |

## GLOSSARY

---

|  |  |
|--|--|
| <b>POOL MASTER FILE:</b>                     | The file that includes all documents pertaining to more than one loan in the same pool.  |
| <b>POOL PROCESSING AGENT (PPA):</b>          | The institution that Ginnie Mae employs to review pool document submissions prior to issuance of Ginnie Mae securities and to maintain records of final certifications.  |
| <b>POWER OF ATTORNEY:</b>                    | A written instrument authorizing a person, the attorney in fact, to act as agent on behalf of another person to the extent indicated in the instrument.  |
| <b>PPA:</b>                                  | See "Pool Processing Agent."   |
| <b>PRINCIPAL:</b>                            | The amount of indebtedness (not including interest) owed by a mortgagor.   |
| <b>PRINCIPAL BALANCE:</b>                    | See "Unpaid Principal Balance."  |
| <b>PRINCIPAL CURTAILMENT:</b>                | A reduction of less than all of the remaining principal balance of a loan, usually by partial prepayment of the loan, other than by a scheduled monthly payment.   |
| <b>PROJECT LOAN:</b>                         | A loan on a completed construction or rehabilitation project.  |
| <b>PROMISSORY NOTE:</b>                      | A written agreement between the mortgagor and the mortgagee specifying the amount and terms of repayment for a loan.   |
| <b>PUBLIC AND INDIAN HOUSING (PIH) LOAN:</b> | A mortgage loan on approved Indian Country throughout the United States for Native Americans guaranteed by HUD under the Indian Home Loan Guarantee Program (Section 184).   |
| <b>REASON CODE:</b>                          | The reason for requesting a release of loan documents and/or loan files from the document custodian. The reason code is expressed as a number that corresponds to the list of numbered reasons shown on the Request for Release of Documents, form HUD11708.   |
| <b>RECERTIFICATION:</b>                      | For a pool of loans or Participations, a certification following a transfer of issuer responsibility or of document custodian responsibility, and that the loan documents satisfy the requirements of the Guide.   |
| <b>RECORDATION:</b>                          | See "Recording."   |
| <b>RECORDING:</b>                            | The act of entering or recording documents effecting or conveying interests in real estate in the recorder's office established in each jurisdiction. Depending on jurisdictional law and/or practice, until recorded, a deed or mortgage is not generally effective against subsequent purchasers of mortgages. |

## GLOSSARY

---

|                                     |   |
|-------------------------------------|---|
| <b>RECOURSE LOAN:</b>               | A loan for which the endorser or guarantor is liable for payment in the event the mortgagor defaults.   |
| <b>REMAINING PRINCIPAL BALANCE:</b> | Original pool balance reduced by principal remittances paid to the security holders to date. May refer to the balance on a single security or all securities backed by a pool.  |
| <b>RETAIL INSTALLMENT CONTRACT:</b> | Used in the sale of manufactured housing units, an agreement in which payments of money are made, usually on specific dates. Failure to pay an installment when due is a breach in which damages can be assessed based on the portion which has not been paid, and in which the seller of the manufactured housing unit has the right to repossess. |
| <b>RHS:</b>                         | See "Rural Development".  |
| <b>RIDER:</b>                       | A document attached to a note or security instrument amending the document after its proper body cannot be amended and restated.  |
| <b>RURAL DEVELOPMENT (RD):</b>      | An agency of the United States Department of Agriculture (USDA), formerly known as the Rural Housing Service (RHS).   |
| <b>SECTION 184 LOAN:</b>            | A loan guaranteed by the Secretary of HUD under § 184 of the Housing and Community Development Act of 1992.   |
| <b>SECURITY DEED:</b>               | A conveyance constructed as a deed transferring title, not as a mortgage, that is intended to collateralize the payment of all sums secured thereby.  |
| <b>SECURITY INSTRUMENT:</b>         | A written document by which the title to property is conveyed or deposited as security for the satisfaction of an obligation or the payment of a debt. The most common security instruments are mortgages and deeds of trust.   |
| <b>SF:</b>                          | The designation for a pool type consisting of single-family, level payment loans.   |
| <b>SINGLE CERTIFICATION:</b>        | The certification by a document custodian to Ginnie Mae and the issuer that all required construction loan or project loan documents have been delivered by the issuer in correct form. The PPA provides final approval for single certifications.  |
| <b>SINGLE-FAMILY MORTGAGES:</b>     | Mortgages on one- to four-family residential housing units insured or guaranteed under the FHA, VA, RD, or Section 184 programs.  |
| <b>SN:</b>                          | The designation for a pool of single-family, level payment mortgages that backs an issue of serial note securities, each  |

## GLOSSARY

---

|  |   |
|--|---|
|  | unit of which is subject to sequential retirement by a single payment, subject to the amount of principal available each month for that purpose.  |
| <b>SPECIAL WARRANTY DEED:</b>                | A deed in which the grantor warrants or guarantees the title only against defects arising during the period of his or her ownership of the property. A special warranty deed does not warrant against defects existing before that time.  |
| <b>TITLE CERTIFICATE:</b>                    | A document used for personal property to evidence ownership of the property.  |
| <b>TITLE INSURANCE POLICY:</b>               | A contract by which the insurer agrees to pay the insured a specific amount for any loss caused by defects of title to a parcel of real estate (wherein the insured has an interest as purchaser, mortgagee or otherwise), other than encumbrances, defects and matters specifically excluded by the policy. In the context of this Manual, this term usually refers to the mortgagee's title insurance policy. |
| <b>TORRENS SYSTEM:</b>                       | A method of evidencing title by registration of land ownership with the proper public authority, generally called the Registrar of Titles. This system is named for its founder, Sir Robert Torrens.  |
| <b>TRANSFER AGENT:</b>                       | See "Central Paying and Transfer Agent."  |
| <b>TRANSFER DATE:</b>                        | The effective date of the transfer of servicing as it relates to final certification and recertification deadlines, as specified in Ginnie Mae's confirmation letter.   |
| <b>TRANSFER OF CUSTODIAL RESPONSIBILITY:</b> | The transfer of documents from the current document custodian to a new document custodian, that requires written approval (provided electronically) from Ginnie Mae.  |
| <b>TRANSFER OF ISSUER RESPONSIBILITY:</b>    | The transfer of pool ownership from the current issuer to a new issuer, which requires written approval (provided electronically) from Ginnie Mae.  |
| <b>TRUST:</b>                                | A fiduciary relationship whereby legal title to property is conveyed to a person or institution, called a trustee, to be held and administered on behalf of another party, called a beneficiary, which holds equitable title to such property.  |
| <b>TRUST DEED:</b>                           | See "Deed of Trust."  |
| <b>TRUSTEE:</b>                              | The entity holding legal title to property that is held in a trust.   |
| <b>TYPE C:</b>                               | The designation on the "Exhibit A" for a GNMA II custom pool.   |
| <b>TYPE M:</b>                               | The designation on the "Exhibit A" for a GNMA II multiple issuer  |



## GLOSSARY

---

pool.

|  |   |
|--|---|
| <b>TYPE X:</b>                         | The designation on the “Exhibit A” for a Ginnie Mae I pool.   |
| <b>UCC-1:</b>                          | A set of statutes governing the conduct of business, sales, warranties, negotiable instruments, loans secured by personal property, and other commercial matters. These statutes have been adopted with minor variations by all states.   |
| <b>UCC-3:</b>                          | A financing statement amendment used for many reasons including: terminating a filing, continuing a filing for an additional 5 years, full or partial assignment of a filing, amending secured party or debtor name, amending collateral.   |
| <b>UNPAID PRINCIPAL BALANCE (UPB):</b> | The original loan balance reduced by principal payments received to date. The term may refer to the balance on a single loan or the total for all loans in a pool.  |
| <b>UPB:</b>                            | See “Unpaid Principal Balance.”   |
| <b>VA:</b>                             | The United States Department of Veterans Affairs, formerly named the Veterans Administration.   |
| <b>VA LOAN:</b>                        | A mortgage loan on approved property made to a qualified veteran by an authorized lender and guaranteed by the U.S. Department of Veterans Affairs under its Home Loan Guaranty Program. The guaranty limits the lender’s loss exposure in the event that the veteran defaults on the loan. |
| <b>VA VENDEE LOAN:</b>                 | A loan that the Department of Veterans Affairs (VA) makes to finance the sale of a VA-acquired property. The security instrument shows the lender as the Administrator or the Secretary of the VA.  |
| <b>WAIVER:</b>                         | Written evidence surrendering the right to enforce a condition of an agreement.   |
| <b>WAREHOUSE LENDER:</b>               | A financial institution that lends funds to mortgage banking institutions that originate mortgages with the borrowed funds.   |
| <b>WARRANTY DEED:</b>                  | A deed guaranteeing that the grantor has good title, free and clear, of all liens and encumbrances and will defend the grantee against all claims.  |

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

### **(A) *The Ginnie Mae Document Custodian's Role***

The primary role of the document custodian is to make required pool certifications and maintain physical and custodial control of required pool and loan documents. These activities are performed on behalf of issuers, Ginnie Mae and security holders for the life of the pooled mortgages, or until its custodial responsibilities are transferred by the issuer to another document custodian or otherwise terminated.

The document custodian is required to certify to Ginnie Mae that the loans constituting the pools of mortgages (as collateral for Ginnie Mae securities) are represented by the documents placed in the document custodian's control. The document custodian performs this function through a process of pool certifications and recertifications. Custodial guidelines for the certification and recertification processes are described generally in Chapters 11 and 13 of the Guide. Exceptions and additional requirements, if any, for particular pool types are described in Chapters 24 through 33 of the Guide.

The document custodian works under direct contract with the issuer, but has a fiduciary responsibility to Ginnie Mae. While an issuer may utilize more than one document custodian, each pool is required to have only one document custodian.

Because an issuer is ultimately responsible for the safekeeping of Ginnie Mae custodial documents at all times, Ginnie Mae holds the issuer responsible for any and all losses incurred because the document custodian fails to perform its fiduciary responsibilities. However, with respect to any specific loss Ginnie Mae may incur because of the absence of, or a defect in, a particular document, Ginnie Mae also has the right to be made whole by the document custodian if it breaches its fiduciary obligations to Ginnie Mae with respect to the mortgages involved in the loss. Therefore, Ginnie Mae expects the issuer to establish appropriate methods of monitoring the financial viability and operational capabilities of any document custodian it uses to hold custodial documents for Ginnie Mae.

### **(B) *The Master Custodial Agreement***

The issuer of a pool must obtain the services of an eligible custodial institution to hold all required documents relating to pools that serve as collateral for Ginnie Mae securities. The document custodian is required to perform its duties on behalf of issuers, security holders and Ginnie Mae for the life of each pool

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

or, with Ginnie Mae's prior written approval, until its custodial responsibilities are transferred by the issuer, or by Ginnie Mae, to another document custodian or otherwise terminated. It is the responsibility of the issuer to select an eligible document custodian and enter into a Master Custodial Agreement, form HUD11715 (Appendix III-4) ("form HUD11715") for the submission of pools to the Pool Processing Agent ("PPA") for securities issuance.

By January 1 of each year, the issuer and document custodian must execute a renewal form HUD11715 which the issuer must submit to the PPA, or else indicate to the PPA that no changes have been made to the existing agreement. The document custodian has no responsibility to verify that the renewal form HUD11715 was submitted by the issuer to the PPA, or that the issuer indicated that no changes were made to the existing agreement.

The form HUD11715 sets forth the role of both the issuer and the document custodian in the Ginnie Mae Program. Once completed, form HUD11715 covers all pools held by the custodian for an issuer.

The document custodian negotiates all compensation for the performance of its custodial duties directly with the issuer as stipulated in the form HUD11715. The issuer is responsible for paying custodial fees to the document custodian. Ginnie Mae has no obligation to pay any compensation to document custodians for services rendered.

Pursuant to the form HUD11715, Ginnie Mae recognizes the document custodian as an agent of the issuer. As the holder of collateral documents for Ginnie Mae securities, the document custodian's primary responsibilities are:

- (1) Physical safekeeping of pool and loan documents;
- (2) Certifying the completeness and consistency of the required pool and mortgage documents; and
- (3) Maintaining physical and custodial control over the release and transfer of pool and loan documents.

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

### ***(C) Safekeeping Requirements***

The document custodian is required to protect the pool and loan documents in its physical custody. Ginnie Mae requires the document custodian to take reasonable precautions to protect the documents from theft, misplacement, fire, or other calamity.

To fulfill this safekeeping obligation, the document custodian is required to store the documents in a secure, fire-resistant facility and to develop and enforce procedures that:

- (1) Prevent unauthorized access to the documents; and
- (2) Maintain control over all documents received.

Required insurance coverages, fire protection standards and other requirements are presented in Chapters 2 and 7.

### ***(D) Certification Process***

There are four different types of loan programs that may be pooled as collateral for Ginnie Mae securities. These programs are administered and insured by the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Affairs (VA), guaranteed by the Rural Housing Service (RHS), or guaranteed by the Secretary under Section 184 of the Housing and Community Development Act of 1992. Section 184 loans are administered by the Office of Public and Indian Housing (PIH), and include single family home mortgages, manufactured home loans, multifamily construction loans and project loans. Note, however, that only the single family mortgage pools and manufactured home loan pools require both initial and final certification. Construction loan pools and project loan pools do not require separate initial and final certifications. Instead, only the single certification made prior to the security issuance is required.

The document custodian is required to formally certify that the documents in its control completely represent the related loans and pools in accordance with Ginnie Mae requirements, and are consistent with the Schedule of Pooled Mortgages, form HUD11706 (Appendix III-7 of the Guide) ("form HUD11706"). The document custodian's certification, denoted on the back of the last page of the form HUD11706, provides Ginnie Mae with assurance that all required documents:

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

- (1) Have been received;
- (2) Are in compliance with Ginnie Mae requirements;  
and
- (3) Are both complete and consistent.

The document custodian is required to review the pool submission for missing, incomplete, or inconsistent documents. If defective documents are identified, the document custodian is required to notify the issuer in a timely manner. It is the issuer's responsibility to correct and/or resolve any defects identified by the document custodian or to provide the document custodian with adequate clarification for those defects that are not considered material. This responsibility continues for the life of the pool or until the pool is transferred to a new issuer. The document custodian is responsible for verifying that all necessary corrections have been made by the issuer before certifying any loan or pool.

In providing pool certifications, the document custodian acknowledges receipt of all required documents and certifies that the documents meet the standards as set forth in this Manual and in the Guide. In so doing, they are attesting that the documents are comparable, complete and consistent. For example, a marketable title is one that, while not completely clear, has only minor objections that would not jeopardize the validity of the lien, and that a well informed and prudent buyer of real estate would accept. Adherence to the standards set forth in this Manual provides a level of assurance as to the marketability of documents under the document custodian's control. Document custodians who fail to comply with standards communicated in this Manual jeopardize the marketability of the documents in their control and may be found in violation of the intent of the custodial requirements of the Ginnie Mae MBS program, as well as their respective forms HUD11715.

All pools issued prior to October 1, 1977, will be presumed to have valid final certification. Ginnie Mae has taken this position because final certifications for pools issued at earlier dates are often not reflected in Ginnie Mae's records. It has been determined that it is in the best interest of all parties involved to presume that the pools issued before October 1, 1977, are properly certified. However, issuers are expected to obtain final certification for those pools known to be not finally

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

### ***(E) Certification Time Limitation***

certified. Furthermore, issuers will be required to recertify those pools if a transfer occurs.

All initial certifications under the single family program and single certifications under the multi-family program for construction and project loan pools must occur before securities are issued.

Final certification for single family and manufactured home pools must be completed within twelve (12) months of the date of security issuance. A pool may be transferred, with Ginnie Mae approval or authorization, to a new document custodian before final certification, but such transfer does not extend the final certification deadline.

When a finally certified or single certified pool is transferred via a transfer of document custodian or issuer responsibility, the pool must be recertified within twelve (12) months of the date of transfer.

An issuer may transfer its issuer responsibilities for some or all of the pools it services, provided that the transfer has been approved in writing by Ginnie Mae prior to the transfer. The following rules govern the eligibility of pools to be transferred. A pool may not be transferred if any of the following conditions exist:

- (1) Approval has not been granted by Ginnie Mae prior to the transfer (confirmation will be provided through GinnieNET to both document custodians involved in the transfer process);
- (2) The pool has an issue date more than twelve (12) months prior to the effective transfer date, and has not yet received final certification;
- (3) The issue date of the pool is less than 30 days before the effective date of the transfer;
- (4) The effective date of the proposed transfer is less than 180 days from the date of its last transfer; or
- (5) The pool was finally certified and subsequently transferred, but not yet recertified.

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

### ***(F) Control of Documents***

The document custodian is required to retain all pool-related documents for a single pool in one permanent storage location, as identified by the address of record on file with Ginnie Mae. The document custodian is required to permit representatives of the issuer or Ginnie Mae (including Ginnie Mae's designees) to inspect any documents relating to pools under the document custodian's control. The issuer may request removal of individual loan documents or an entire loan file by sending the document custodian, either in hard copy or electronically, a completed Request for Release of Documents, form HUD11708 (Appendix V-5 of the Guide) ("form HUD11708"). For a more detailed description of requirements for loan and document filing, removal and transfers, see Chapter 7 of this Manual and the GinnieNET Custodian Guide.

### ***(G) HUD Forms and Other Pool Documents***

In its fiduciary role, a Ginnie Mae document custodian is required to accept, review, and maintain various types of documents (including required HUD forms) relating to the pools of mortgages supporting the Mortgage-Backed Securities. It is the responsibility of the issuer to fully and accurately complete required forms before delivery to the document custodian. It is the responsibility of the issuer to provide the document custodian with a current Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix I-2 of the Guide) ("form HUD11702") listing those officers authorized to execute the appropriate loan and pool documents. If a document custodian discovers pool documents to be incomplete or otherwise deficient, it must return, on a timely basis, the documents to the issuer for correction. It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the quality of the documents.

All executed HUD forms must be filed in a specific Issuer Master File or Pool Master File for each pool.

Chapter 13 of the Guide generally describes the documents required for pool issuance. The individual program Chapters, Chapters 24 through 33 in the Guide, describe exceptions and additional documents, if any, that are required for the issuance of particular pool types.

## CHAPTER 1: THE ROLE AND RESPONSIBILITIES OF THE GINNIE MAE DOCUMENT CUSTODIAN

---

Documents referred to in this Manual and identified by the term “form HUD” are included as Appendices in the Guide. They may be found on the Ginnie Mae website at [www.ginniemae.gov](http://www.ginniemae.gov) or in the GinnieNET Custodian Guide (see Section 11-5 of the GinnieNET Custodian Guide).



## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

### **(A) General Eligibility Requirements**

To be a document custodian for Ginnie Mae pools, an organization must meet the following general requirements:

- (1) Be subject to federal banking regulation and oversight;
- (2) Maintain physically secure, fire resistant storage facilities;
- (3) Employ knowledgeable personnel;
- (4) Meet minimum Ginnie Mae financial requirements;
- (5) Maintain minimum insurance coverages;
- (6) Follow established written procedures;
- (7) Maintain a written disaster recovery plan that covers restoration of the facilities, physical recovery of the files, and backup and recovery of information from electronic data processing systems. The disaster recovery plan must document, at a minimum:
  - a. The recovery of the electronic tracking system utilized by the document custodian (both data and reports);
  - b. The relocation/restoration of the document custodial facilities to ensure the continuing ability to perform required custodial functions;
  - c. Additional requirements for the testing and maintenance of the plan;
  - d. Procedures for notifying both the issuer(s) and Ginnie Mae of a disaster within 24 hours of the event; and
  - e. Certification testing which provides for the disaster recovery plan to be tested annually and acknowledged by an independent party (i.e., Internal Audit or an Independent Auditor). Such acknowledgment must state that the test was completed successfully; or if the facility failed the test, the date of the failed test and the reason(s) for the failure, and the date the successful test was completed;
- (8) The document custodian must have in place a quality control plan for review standards utilized by the document custodian;

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

- (9) If the document custodian is a Government Sponsored Enterprise (“GSE”) approved document custodian, it must be in good standing with the GSE(s), certify to that effect, and certify whether it is or has been the subject of any adverse action by either GSE; and
- (10) Comply with all other requirements, which Ginnie Mae may choose to specify in order to ensure the safety and security or enforceability of the documents held by the document custodian, as amended from time to time.

### **1. Organization Subject to Federal Banking Regulation**

The document custodian must be regulated by one of the following agencies:

- (1) Federal Deposit Insurance Corporation (FDIC);
- (2) Office of the Comptroller of the Currency (OCC);
- (3) Office of Thrift Supervision (OTS);
- (4) National Credit Union Administration (NCUA);
- (5) Federal Reserve (FRB); or
- (6) Be a Federal Home Loan Bank (FHLB).

The document custodian must be in good standing with its primary regulator, which means that the organization must not be in receivership, conservatorship, liquidation or any other program of management oversight by its primary regulator, unless it is operating under an approved management plan.

The trust service function must also be subject to periodic review or inspection by the primary regulator. If, upon such review, the trust service function is suspended or terminated, the issuer and document custodian must notify Ginnie Mae’s Office of Mortgage-Backed Securities (see [Addresses](#)) immediately and must transfer the documents to a new document custodian according to Ginnie Mae’s instructions.

### **2. Use of Physically Secure, Fire-Resistant Storage Facilities**

A document custodian must maintain secure, fire resistant storage facilities with adequate access controls to ensure the safety and security of pool and loan documents. The access controls may be either in (1) an automated form, such as requiring each employee to use a security card reader (with electronic access record) to gain entry to the vault; or (2) a manual form, requiring two employees to be present whenever the vault is entered, with a written access log maintained.

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

Effective January 1, 2007, all document custodial facilities must provide a minimum of two (2) hours of fire protection, which must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction or an independent, qualified fire protection contractor. This statement of compliance must be updated upon any significant change in the facility and be available for inspection by Ginnie Mae or its designee.

Prior to January 1, 2007, existing approved document custodial facilities must provide a minimum of one and one half (1-1/2) hours of fire protection, which must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction, or an independent, qualified fire protection contractor. This statement of compliance must be updated upon any significant change in the facility and be available for inspection by Ginnie Mae or its designee.

After September 1, 2004, all new applications for Ginnie Mae document custodian approval must meet the minimum of two (2) hours of fire protection. This minimum level of protection must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction or an independent, qualified fire protection contractor. This statement of compliance must be updated upon any significant change in the facility and be made available for inspection by Ginnie Mae or its designee.

### ***3. Employment of Knowledgeable Personnel***

A document custodian is required to utilize employees who are familiar with the procedures of their respective job function and with:

- (1) The requirements for document custodians under the Ginnie Mae MBS program as contained in the Guide and this Manual;
- (2) The required pool and loan documents; and
- (3) The required Ginnie Mae, HUD, FHA, VA, RHS and Section 184 documents.

### ***4. Minimum Ginnie Mae Financial Requirements***

The document custodian must have available for review, by Ginnie Mae or its designee, annual financial statements audited by an Independent Auditor (IA) that report that the document custodian, or its parent, meets the minimum capital requirements of its primary regulator. Ginnie Mae will allow institutions to hold documents and take on additional work while operating under an approved management plan. However, while a document custodian is preparing a capital/management plan or awaiting its approval, the document custodian may be

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

prevented from accepting custodial work. Institutions will not be allowed to accept new custodial work while experiencing a capital shortfall.

### **5. Minimum Insurance Coverage Requirements**

A document custodian must maintain the following insurance coverages to indemnify Ginnie Mae against losses involving Ginnie Mae pool and loan documents in their custody:

- (1) Financial Institution Bond to include the following coverages:
  - (a) Fidelity
  - (b) Premises
  - (c) In Transit
  - (d) Forgery or Alteration
- b. Trust Operations Errors and Omissions for document custodians holding in excess of \$500 million in Ginnie Mae pool and loan documents

The Financial Institution Bond must be underwritten by an insurance carrier with an A. M. Best's rating of B+ or better (or be affiliated with Lloyds of London). The carrier must be specifically licensed or authorized by law to transact business within the states or territories in which properties securing the pool and loan documents are located.

The loss payable endorsement must name Ginnie Mae as the loss payee, as follows:

In the event of a loss affecting the interest of the Government National Mortgage Association, the Government National Mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.

Coverage must be maintained in amounts that are deemed adequate for the number of notes, mortgages, and assignments held in custody and that are deemed appropriate based on prudent business practice. The deductible should be no more than the greater of 5 percent of the document custodian's generally accepted accounting principles (GAAP) net worth or \$100,000, but in no case greater than \$10,000,000.

### **6. Established, Written Procedures**

The document custodian must establish and periodically update written procedures within its operation for Ginnie Mae pool and loan document review, and for the processing of pool and loan

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

documents. The written procedures must, at a minimum, address the review and control requirements set forth in this Manual.

### ***7. Maintain a Disaster Recovery Plan***

Ginnie Mae requires that the document custodian maintain a written disaster recovery plan that covers restoration of the facilities, physical recovery of the files, and backup and recovery of information from electronic data processing systems.

The document custodian must inform Ginnie Mae and all issuers affected by a disaster within 24 hours of the event. Continued discussions with Ginnie Mae staff during the subsequent period are required until completed.

Actual recovery plans involving the re-creation of documents lost during the disaster will be reviewed on a case-by-case basis with Ginnie Mae staff, the issuer and the document custodian.

Issuers ultimately bear full responsibility for the reconstruction of loan files. The degree of responsibility of the document custodian to the issuer depends on the contractual agreement between the two parties.

### ***8. Quality Control Program***

The document custodian must have in place a quality control plan for document review standards utilized. This quality control plan must include procedures for monitoring the work of each of the document custodian's subcontract reviewers, if any. The document custodian must also have available for review, by Ginnie Mae or its designee, its most recent quality control audit and disclose any action taken as a result of these findings. The quality control program requirements may be amended from time to time.

### ***9. Good Standing***

If the document custodian is GSE-approved, it must be in good standing with the GSE(s), certify to that effect, and certify whether it is or has been the subject of any adverse action by either GSE. In the event of suspension by one or both of the GSEs, the document custodian must immediately notify Ginnie Mae in writing of all formal or supervisory actions, including terminations. Regulatory actions include, but are not limited to, supervisory agreements, cease and desist orders, notices of determination, memoranda of understanding, and any adverse action taken by the U.S. Department of Housing and Urban Development (HUD) or by a state licensing agency. Supervisory actions include, but are not limited to, the appointment of a trustee, conservator or managing agent.

### ***10. Other Ginnie Mae Requirements***

A document custodian must satisfy any other requirements determined by Ginnie Mae at its sole discretion to be necessary for the protection of its interest in the pool and loan documents

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

and set forth in writing. These requirements may be amended from time to time.

### ***(B) Requirements For Related-Party Document Custodians***

#### ***1. Self Custody***

If an issuer meets the requirements of Chapter 2-1(A) above and intends to perform the custodial functions required in this Manual, the issuer must have a separate trust department that is physically separate and vertically independent from the mortgage origination and/or servicing area, and maintain separate personnel, files, and operations. In addition, the trust department must have obtained prior approval from its primary regulator to exercise fiduciary powers. Such fiduciary powers must (a) include ordinary trust services such as personal trust services, personal representative services (executor), guardianship, custodial services and/or investment advisory services offered to the public; and (b) not be limited to maintaining custody of documents for Ginnie Mae issuers. The trust service function must also be subject to periodic review or inspection by the primary regulator. If, upon such review, the trust service function is suspended or terminated, the issuer and document custodian must immediately notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)) and must transfer the documents to a new document custodian pursuant to Ginnie Mae's instructions.

#### ***2. Custody by an Affiliate***

An affiliate is an organization that can exercise control or significant influence over the management or operating policies of the issuer, directly or indirectly, through some type of influence or control or ownership, as defined in GAAP. An affiliate may also be an organization that is controlled by, or whose management or operating policies may be significantly influenced by, the issuer, through some type of control or ownership, as defined in GAAP.

If the issuer elects to contract with an affiliate to perform the Ginnie Mae custodial functions required in this Manual, the affiliate must demonstrate that it meets the general eligibility requirements of Section 2-1(A) and the trust department and fiduciary powers requirements of Section 2-2(B)1 above, or if the custodial documents are not held in the trust department, the document custodian must provide evidence satisfactory to Ginnie Mae that there is a vertical independence and separation between the issuer and the document custodian.

### ***(C) Eligibility***

The document custodian must retain the following information in its files as evidence of its compliance with Ginnie Mae requirements:

- (1) Management's statement that the organization is in good standing with its primary Federal banking regulator as described under Section 2-1(A)1;

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

- (2) Documentation from the document custodian's insurance company, local fire marshal or an independent, qualified fire protection contractor as described under Section 2-1(A)2;
- (3) Résumés from the on-site manager and the officers who will supervise the Ginnie Mae document custodial functions. Such résumés must address the requirements under Section 2-1(A)3, as well as related trust and/or mortgage document custodial experience;
- (4) A current audited annual financial statement of the document custodian or its parent as required under Section 2-1(A)4;
- (5) Evidence of insurance coverage, policies or commitments pertaining to insurance as required under Section 2-1(A)5;
- (6) A statement from management that the organization has established the required written procedures for document review;
- (7) A copy, from its primary regulator, of the approval to exercise fiduciary powers and a written statement from management explicitly describing how the organization meets the trust department requirements under Section 2-1(B)1 if the document custodian is an issuer that is performing custodial functions for itself;
- (8) A written statement from management describing the nature of the affiliate relationship, signed by both the issuer and the document custodian; a copy of the affiliate's written approval from its primary regulator to exercise fiduciary powers and a written statement from management clearly describing how the organization meets the trust department requirements under Section 2-1(B)1, if applicable, if the document custodian is an affiliate of an issuer; and
- (9) A current listing of all issuers, detailing the Ginnie Mae pools maintained by the document custodian on behalf of those issuers.

This documentation must be retained by the document custodian and made available to Ginnie Mae or its designee.

The document custodian must be able to respond to inquiries from Ginnie Mae or its designee in a timely manner and to

## CHAPTER 2: DOCUMENT CUSTODIAN ELIGIBILITY REQUIREMENTS

---

demonstrate the capability or agreement to comply with requirements described above.

### ***(D) Master Document Custodian Eligibility***

An eligible Ginnie Mae document custodian operating in good standing may become a master document custodian, which is a document custodian authorized to employ qualified custodial subcontractors. The document custodian must meet Ginnie Mae requirements in a compliance review, which will include a review of the items in Sections 2-2(C)1 through 2-2(C)9 above, including an on-site review of the proposed master document custodian and any proposed subcontractors. Ginnie Mae must approve such arrangements in writing on a case-by-case basis. Additionally, the master document custodian will be required to demonstrate that it maintains the necessary resources to guarantee the operations of any subcontractors. This documentation must be retained by the document custodian and made available to Ginnie Mae or its designee.

Prior to executing a Master Custodial Agreement, form HUD11715 (Appendix [III-4](#) of the Guide) ("form HUD11715"), an institution must request a Ginnie Mae document custodian identification number from Ginnie Mae (see [Addresses](#)).

An institution seeking to hold documents relating to Ginnie Mae pools must make items defined in Sections 2-2(C)1 through 2-2(C)9 above, available for inspection by Ginnie Mae or its designee.

The institution must be able to respond to inquiries from Ginnie Mae or its designee and to demonstrate that capability, or agree to comply with the requirements in Sections 2-2(C)1 through 2-2(C)9 above.

### ***(E) Eligibility for New Ginnie Mae Document Custodian ID Number***

When the institution meets all eligibility requirements, the institution can be assigned a Ginnie Mae document custodian identification number. The institution must contact Ginnie Mae (see [Addresses](#)) to obtain a document custodian identification number. This number must be included in all correspondence with Ginnie Mae and with all custodial signatures on the HUD forms.



## CHAPTER 3: SINGLE-FAMILY POOLS

**(A) Description of Single-Family Pools (SF, FS, BD, AQ, AR, AT, AF, FT, AS, AX, RL, QL, TL, FL, FB, SL, XL, GP, GT, GA, GD, and SN)**

This Chapter describes custodial requirements for the following pool types (the Chapter in the Guide specifically pertaining to the individual programs is identified below):

| Pool Type  | Ginnie Mae MBS Guide       |
|--|----------------------------|
| Single-Family, Level Payment Mortgages (SF) Pools                              | Chapter <a href="#">24</a> |
| FHASecure, Level Payment Mortgages (FS)  | Chapter <a href="#">33</a> |
| Buy Down Mortgages (BD) Pools  | Chapter <a href="#">25</a> |
| Adjustable Rate (AQ, AR, AT, AF, FT, AS, AX, RL, QL, TL, FL, FB, SL, XL) Pools | Chapter <a href="#">26</a> |
| Graduated Payment Mortgage (GA and GD) Pools                                   | Chapter <a href="#">27</a> |
| Growing Equity Mortgage (GP and GT) Pools                                      | Chapter <a href="#">28</a> |
| Serial Note (SN) Pools   | Chapter <a href="#">29</a> |

For purposes of this Manual, all of the above pool types are collectively referred to as “single-family.”

**(B) Responsibilities**

In accordance with the conditions of the Master Custodial Agreement, form HUD11715 (Appendix [III-4](#) of the Guide) (“form HUD11715”), and the certification required on the Schedule of Pooled Mortgages, form HUD11706 (Appendix [III-7](#) of the Guide) (“form HUD11706”), and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD11706. At the discretion of the document custodian and the Issuer, documents may be delivered incrementally or after all required documents have been received for individual loan files. However, the Issuer may not collect all documents relating to an entire pool before forwarding the documents to the document custodian.

It is the document custodian’s responsibility to:

- (1) Accept the documents when delivered;
- (2) Ascertain that the documents relate to the loans listed on the related form HUD11706;
- (3) Review documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters [11](#) and [13](#) of the Guide;

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- (4) Notify the Issuer of any documents received that require correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

**(C) Initial  
Certifications: Non-  
Representations &  
Warranties (“R&W”) and  
R&W Issuers**

It is the Issuer’s responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects that are not considered material. Ginnie Mae may impose sanctions on Issuers that fail to meet certification or recertification deadlines. Such sanctions may include, among others, a letter of credit to mitigate Ginnie Mae’s risk exposure. For an Issuer subject to sanctions, the document custodian must indicate and attest to Ginnie Mae those loans that do not meet certification requirements.

**(1) Required Pool and Loan Level Documents**

For initial certification, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- (a) Form HUD11706;
- (b) Certification and Agreement, form HUD11711B (Appendix III-5 of the Guide) (“form HUD11711B”) (in hard copy or electronic form). If the form HUD11711B indicates a second party interest in any pooled mortgage, at least one original Release of Security Interest, form HUD11711A (Appendix III-5 of the Guide) (“form HUD11711A”), is required. If there are no second party interests in the pooled mortgages, a form HUD11711A is not required;
- (c) The original note or other evidence of indebtedness (including documents required for modified loans) endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer of the note be complete; and
- (d) If the Issuer did not originate the loan, all recorded

## CHAPTER 3: SINGLE-FAMILY POOLS

---

intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the Issuer.

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the Original Mortgagee ("MOM"), no intervening assignments will be required as long as the loan remains registered with MERS.

Intervening assignments must be recorded if jurisdictional law requires such recordation. At initial certification, the Issuer may use a blanket pool certification which certifies that all intervening assignments for an individual pool have been transmitted for recordation.

As an alternative to individual intervening mortgage assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction in which the mortgaged properties are located, as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools as long as the mortgaged properties are located in the same recording jurisdiction.

Prior to initial certification the Issuer must identify the loans registered with MERS.

Items 3(C)(1)(c) and 3(C)(1)(d) of this Chapter 3 are required for each pooled mortgage. In no case may a Request for Release of Documents, form HUD11708 (Appendix [V-4](#) of the Guide) ("form HUD11708") substitute for a required loan document at the time the document custodian performs an initial certification. Releases can be processed after the document custodian transmits its certification to Ginnie Mae via GinnieNET.

### (2) Document Custodian Procedures – Initial Certifications

At a minimum, the document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and

## CHAPTER 3: SINGLE-FAMILY POOLS

---

consistency. Any defects discovered based on performing the review procedures must be referred to the Issuer in a timely manner for correction.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for the acceptability of the documents.

### (a) Form HUD11706

- i. Verify that the total number of loans reported on the form HUD11706 agrees with the loan files received.
- ii. Verify that the form HUD11706 has been completely filled out for both the Issuer and document custodian, including the Ginnie Mae identification numbers.
- iii. File the form HUD11706 in the related Pool Master File.

### (b) Form HUD11711B

- i. Verify that the pool number on the form HUD11711B agrees with the Ginnie Mae pool/loan package number on the related form HUD11706.
- ii. Determine that one of the two boxes on the form has been checked.
- iii. If the form HUD11711B indicates that there is a second-party security interest in any pooled mortgage, verify that there is an original executed form HUD11711A corresponding to the affected mortgage(s).
- iv. File the form HUD11711A, if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that an Issuer's certification is incorrect, the document custodian must refuse the form HUD11711B until the certification issues have been resolved.

### (c) Promissory Note (or other evidence of indebtedness)

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- i. Verify that each item listed below is the same on both the promissory note and the related form HUD11706:
  - Mortgagor name(s);
  - Principal amount (alpha and numeric);
  - Interest rate (alpha and numeric);
  - Monthly principal and interest payment (alpha and numeric);
  - Term of the loan (first and last payment due dates);
  - Property street address, city and state (if property address is included on the note);
  - Verify the mortgage margin for ARMs
  - Verify the interest rate change date for ARMs;
  - Verify the index type for ARMs,
  - Verify the interest rate cap structure for ARMs, including the initial, subsequent and lifetime interest rate cap structure on the note.

**The interest rate change date, index type and interest rate cap structure must be the same for every note in the pool.**

If a new note is signed due to changes resulting in a note with a different principal amount or P&I constant, the form HUD11706 must be updated to reflect the new principal amount and P&I constant. The unpaid principal balance must not be changed. A copy of Ginnie Mae's approval letter must be placed in the loan file.

A note is deemed unacceptable if there are changes that materially affect the terms of the note and these changes are not initialed by the mortgagor(s). Material changes include changes to the original loan amount, interest rate, monthly payment or maturity date, or deletion of any of the mortgage covenants.

## CHAPTER 3: SINGLE-FAMILY POOLS

---

After verifying the consistency and accuracy of information on the form HUD11706 and the promissory note under this Section 3(C)(2)(d)(i), the form HUD11706 will then be the source document to be used to verify information on all other documents at final certification.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, an original copy of the notarized name affidavit must be provided.
- iii. Verify that a complete chain of endorsements exists from the loan originator to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.

The endorsement should be on the note, but should not include a date. Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that allonges are enforceable in the jurisdiction where the mortgaged property is located. Allonges may not be used in jurisdictions where their use is not allowed.

- iv. Verify that the endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers,

## CHAPTER 3: SINGLE-FAMILY POOLS

---

form HUD11702 (Appendix I-2 of the Guide) ("form HUD11702"). It is the Issuer's responsibility to ensure that the document custodian has a current copy of form HUD11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
  - Such signatures are not prohibited under the Issuer's corporate charter and by-laws;
  - The use of such signatures is authorized by a resolution duly enacted by the Issuer's board of directors; and
  - Such signatures must be notarized when required by jurisdictional law.
- v. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If required, verify that such sections have been properly completed.
- vi. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective documents must be filed with the original note.
- vii. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the mortgagors, or obtain a lost instrument bond with limited liability in the form prescribed by Ginnie Mae, from an insurance or surety company. The bond must be accompanied by the appropriate power of attorney and certification as required by the insurance or surety company. Appendix I of this Manual is the form of the lost instrument bond with limited liability that is prescribed by Ginnie

## CHAPTER 3: SINGLE-FAMILY POOLS

---

Mae and must be used. Substitution of a different form will not be accepted. Lost note affidavits are not acceptable.

viii. Verify for any lost instrument bond with limited liability that each item listed below has been placed on the bond:

- Name of Issuer purchasing the bond;
- Loan number of current Issuer;
- Name of original mortgagor;
- Legal address of property;
- Amount of bond;
- Name of surety or insurance company (Obligor);
- Date the bond was executed by surety or insurance company;
- Signature of representative for surety or insurance company; and
- Appropriate Power of Attorney and certification as required by surety or insurance company.

### (d) Security Instrument Assignments

#### i. Individual Mortgage Intervening Assignments

- Verify that all intervening assignments follow a complete chain of title from the original lender to the Issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee, no intervening assignments will be required as long as the loan remains registered with MERS.
- Ginnie Mae requires a chain of assignments from the originator of the loan to the current Issuer. The assignments must be complete. The note endorsement may be from originator to company "C" and the intervening assignments may be from originator to



company “B”, then to company “C”. Both documents must have a complete chain of title, even if the two chains are not identical.

- Verify that all intervening assignments have been transmitted for recordation, if required by state law. The Issuer may generate a blanket certification for each individual pool in letter form certifying that all intervening assignments have been transmitted for recordation. Copies of the intervening assignments are not required at initial certification if the Issuer provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.
- Verify that the mortgagor name(s) on the assignment agree(s) with the form HUD11706.
- If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original legal opinion letter must be filed in the loan file.

### ii. Blanket Intervening Assignments

- Verify that all blanket intervening assignments have been certified by the Issuer as having been transmitted for recordation.
- Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools that are in the same recording jurisdiction.
- Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies and that a copy is maintained in the applicable Pool Master File.

- Ginnie Mae permits the use of a blanket intervening assignment certification form in lieu of making a copy of each. The certification form must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Pool Master File.
- If the blanket intervening assignment bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel, which states that the blanket intervening assignment is enforceable in the jurisdiction of the mortgages. The original opinion must be filed in the applicable Issuer Master File, with a copy in each loan file to which the blanket intervening assignment applies.

### (e) Completion of the Initial Certification Process

To complete the initial certification, the document custodian must date and sign the initial certification on the form HUD11706, and must identify the name, address and Ginnie Mae ID number of the document custodian, including the name and title of the authorized individual who signed the certification. If the form HUD11706 includes more than one page, the document custodian need only sign the last page.

The document custodian is required to submit the original initial certified form HUD11706 directly to the PPA. A copy of the initial certification must be placed in the Pool Master File.

### ***(D-1) Final Certifications for Non-R&W Issuers***

The final certification deadline does not change because the current document custodian is not the custodian that issued the initial certification, nor does it change for a new document custodian following a transfer of Issuer responsibility or transfer of document custodial responsibility. If the new document custodian prepares the final certification, recertification will not be required.

A form HUD11708 with a non-liquidation release reason

## CHAPTER 3: SINGLE-FAMILY POOLS

---

code may not substitute for a loan document or a promissory note at the time the document custodian reviews the loan file for final certification.

For loan documents released due to a non-liquidation reason using reason code 6, the pool can only become certified when and if all final and initial documents were present prior to the release or the Issuer has notified the document custodian that the loan has been liquidated from the related pool. It should be understood that pools will not be eligible for final certification by the document custodian when loan documents are released for any reason other than liquidation (reason code 6). If, at the time of final certification, the final document package is not present with the original note and all required documents (even though the document custodian may have initially certified the loan), certification can not be made until the file is returned and reinstated.

### (1) Required Documents

Within twelve (12) months of issuance, the Issuer is required to deliver the following additional documents to the document custodian for final certification:

- (a) Original security instrument securing repayment of the indebtedness, signed by the mortgagor and recorded (or, in the case of a modified loan, the original recorded security instruments, the related original notes, the modification agreement and any required subordination agreement or title endorsement). Upon receipt of the original security instrument/modification from the recorder's office, the Issuer is required to forward it to the document custodian. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. However, the related original notes for modified loans are required.
- (b) Copies of the intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation, yet were not available at the time of initial certification.
- (c) Mortgagee title insurance policy or other evidence of title acceptable to FHA, VA, RHS, or PIH, except in cases involving Hawaiian Homelands, HUD-Disposition property and VA Vendee Loans. A copy of the mortgagee title insurance policy is acceptable only if the original has been lost.

## CHAPTER 3: SINGLE-FAMILY POOLS

---

### (d) Evidence of Agency Insurance/Guaranty

- i. The following table summarizes Ginnie Mae's requirements relating to custodial review of FHA insurance and VA/RHS guaranty.

| <b>Issuer and Document Custodian Requirements<br/>for Evidence of Agency Insurance/Guaranty</b> |   |   |
|---|---|---|
| <b>Pool Issuance Date</b>   | <b>FHA Requirements</b>   | <b>VA &amp; RHS<br/>Requirements</b>  |
| January 1, 2003 or later  | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of FHA insurance.  | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty. |
| Prior to January 1, 2003  | Requires one of the following: <ul style="list-style-type: none"><li>• Issuer to provide paper MIC: or</li><li>• Issuer may direct document custodian to review the duplicate MIC on FHA Connection: or</li><li>• Issuer may provide a screen print of a duplicate MIC or other evidence of insurance from FHA Connection</li></ul> | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty. |

### ii. Indian Loan Guaranty Certificate

#### (2) Document Custodian Procedures – Final Certifications

For each loan file, the document custodian is required to perform the following review procedures on the documents listed to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for document validity.

#### (a) Security Instrument

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- i. Verify that each item listed below is the same on both the security instrument and the form HUD11706:
  - Mortgagor name(s);
  - Principal amount (alpha and numeric);
  - Term of loan (first and last payment due dates);
  - Property street address, city and state (if property address is included on the security instrument).
- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. Verify that the security instrument includes evidence of recording or filing date stamp. Ginnie Mae exempts mortgages in Hawaii and Torrens jurisdictions from this requirement for purposes of final certification due to delays in registration in those jurisdictions. Upon receipt of the original mortgage documents from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For loans in Puerto Rico, the document custodian must verify receipt of a copy of the executed mortgage documents affecting the title to the mortgage, filed with the recorder's office. The Issuer must certify that these are copies of the originals and that the original mortgage documents were registered in compliance with local jurisdictional law.
- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that all signatures on the security instrument agree with the note. Ginnie Mae requires that if there are multiple mortgagor names on the note, all names should be on the security instrument. If not, an explanation must be placed in the file.

## CHAPTER 3: SINGLE-FAMILY POOLS

---

If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness.
- vii. Verify that the trustee's name appears on the security instrument, if applicable.
- viii. Verify that any rider or addendum properly relates to the security instrument by confirming that the appropriate box has been checked on the security instrument. If the rider box is not checked and the rider is attached, it is acceptable for certification purposes.
- ix. Verify that any rider or addendum is recorded and that the recording information corresponds to the security instrument.
- x. Ginnie Mae will accept a copy of the recorded security instrument only if the original has been lost and the copy clearly shows evidence of recordation.

### (b) Intervening Assignments

- i. Determine that intervening security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation prior to initial certification, have been replaced at final certification with a

## CHAPTER 3: SINGLE-FAMILY POOLS

---

recorded original, or a copy that clearly shows evidence of recordation. As necessary, perform additional procedures cited in Section 3(c)(2)(d)(i) and Section 3(C)(2)(d)(ii).

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting the title to mortgages that were filed with the recorder's office. The Issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original assignments from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed along with the title, without the need to notify the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in its payment terms, then the intervening assignments would also require re-recording and the mortgagee title insurance policy must be brought forward ("date down" the policy) to the re-recording date.

- ii. Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. For jurisdictions where recordation is not required, the document custodian must confirm that there is a Legal Opinion related to that jurisdiction. This opinion should be maintained by the document custodian in the Issuer Master File. The original unrecorded assignment must be maintained in the appropriate loan file.
- iii. Ginnie Mae will accept copies of the recorded assignments only if the originals have been lost and if the copies clearly show evidence of recordation.

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- iv. Ginnie Mae requires that the original recorded blanket intervening assignment be maintained in the custodial Pool Master File with copies in the individual loan files. A copy of the recorded blanket intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recording.

Ginnie Mae permits the use of a blanket intervening assignment certification form. The certification form must be placed in each loan file where the loan was assigned on the blanket intervening assignment along with the original or copy of the recorded blanket intervening assignment (clearly showing evidence of recordation) maintained in the Pool Master File.

- (c) Mortgagee Title Insurance – (Not Applicable to HUD-Disposition, Hawaiian Homelands, or VA Vendee Loans)
  - i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable if the original is lost.
  - ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
  - iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
    - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of



the security instrument and may be dated earlier. In those instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument occurs for the purpose of altering any of the payment terms, the title insurance must be brought forward ("date down" the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

- Amount of insurance coverage for the lender, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage. This balance must also be supported by a loan history or a Ginnie Mae waiver letter to indicate why the insured amount is different.

- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
  - Mortgagor name(s). (Minor misspellings

## CHAPTER 3: SINGLE-FAMILY POOLS

---

of mortgagors name(s) are acceptable);

- Trustee name(s), if applicable; and
- Principal amount.

v. Verify that the legal description on Schedule A includes either of the following:

- A phrase that specifically references the legal description in the security instrument; or
- A complete legal description.

Ginnie Mae requires that the legal description on Schedule A exactly matches the legal description on the security instrument.

vi. Verify that the named insured under the title insurance policy is the name of the mortgagee. Absent the mortgagee name, the title policy definition of “insured” must include each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must include the originating mortgagee and “it’s successors and/or assigns”. The policy must be accompanied by an endorsement to the Issuer as the mortgagee if the definition of “insured” did not include each ownership successor of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

vii. If a short form title policy is used, the following information must be verified:

- Date of title insurance policy, which must be the same as or later than the recording date on the security instrument; in some jurisdictions,

## CHAPTER 3: SINGLE-FAMILY POOLS

---

however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In these instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language which states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward (date down the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor names(s) and/or property address corrections.

- Amount of insurance coverage for the lender, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the unpaid principal balance of the loan must be less than the title insurance coverage, and supported by a loan history or a Ginnie Mae waiver letter stating why the insured amount is different.

- Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable).

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- Property street address, including city and state.
  - Date of security instrument.
  - Mortgage amount.
- viii. Verify that the named insured under the title insurance policy is the name of the mortgagee or that the title policy definition of “insured” includes each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must name the originating mortgagee and include “it’s successors and/or assigns”. The policy must be accompanied by an endorsement of the policy to the Issuer as the mortgagee if the definition of “insured” did not include each successor in ownership of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

- ix. If a clerk-certified Torrens certificate or an original attorney’s opinion which references an abstract of title has been provided, procedures in Section 3(D)(2)(c)(i) through Section 3(D)(2)(c)(iv) should be modified appropriately.

The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.

- x. If a master title policy is used, a copy of the certificate of title must be placed in the loan file and the procedures in Section 3(D)(2)(c)(i) through Section 3(D)(2)(c)(iv) should be modified accordingly.
- xi. Verify the existence of an adjustable rate or condominium endorsement to the title insurance policy if an adjustable rate and/or condominium rider is attached to

## CHAPTER 3: SINGLE-FAMILY POOLS

---

the security instrument.

(d) Agency Guaranty/Insurance

- i. The following table summarizes Ginnie Mae requirements relating to custodial review of FHA insurance and VA/RHS guaranty.

| <b>Issuer and Document Custodian Requirements<br/>for Evidence of Agency Insurance/Guaranty</b> |   |   |
|---|---|---|
| Pool Issuance Date  | FHA Requirements  | VA & RHS Requirements   |
| January 1, 2003 or later  | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of FHA insurance.  | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty. |
| Prior to January 1, 2003  | Requires one of the following: <ul style="list-style-type: none"><li>• Issuer to provide paper MIC: or</li><li>• Issuer may direct document custodian to review the duplicate MIC on FHA Connection: or</li><li>• Issuer may provide a screen print of a duplicate MIC or other evidence of insurance from FHA Connection</li></ul> | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty. |

a. Review of Mortgage Insurance Certificate (MIC)

The following review procedures are required when reviewing the MIC (if required based on pooling date).

1. Verify that each item listed below is the same on both the MIC and the form HUD11706:

- Mortgagor name(s);

## CHAPTER 3: SINGLE-FAMILY POOLS

---

- Property address;
- Principal amount;
- Interest rate;
- Monthly principal and interest payment; and
- Term of loan (first and last payment due dates).

In the case of minor misspellings in the mortgagor's name, additional titles, such as "Jr." or "Sr.," that differ slightly from the names on the note, missing street types, and zip codes, see Chapter 5, Paragraph 5-12 of FHA 4000.2 Rev-2, *Mortgagees' Handbook Application Through Insurance*. FHA is the final authority on the acceptability of MICs. Ginnie Mae will accept minor MIC errors if the errors are acceptable to FHA.

If the principal amount shown on the MIC exceeds the amount shown on the form HUD11706, the MIC is acceptable.

If the principal amount shown on the MIC equals or exceeds the remaining principal balance on the loan, the MIC is acceptable.

If the principal amounts shown on the MIC and the form HUD11706 differ, the monthly principal and interest payments shown on the two documents will also differ.

2. Verify that the FHA case number on the Form HUD11706 agrees with the case number on the MIC.

In situations where the FHA case number differs between the MIC and the form HUD11706, the case number on the MIC governs, and the

## CHAPTER 3: SINGLE-FAMILY POOLS

---

form HUD11706 must be corrected. The FHA case number may be manually corrected on form HUD11706. The Issuer is responsible for the change; however, the Issuer may authorize the document custodian to make certain corrections on the Issuer's behalf. The Issuer and document custodian must agree on which corrections the document custodian will make.

3. Verify that FHA has signed the MIC and that it includes the endorsement date. If the FHA case number needs to be corrected on the form HUD11706, the Issuer is responsible for that change. The FHA case number may be manually corrected on form HUD11706.

### b. FHA Connection

The following procedures are required when the document custodian is reviewing information in FHA Connection to ascertain the existence of insurance (if required based on pooling date):

1. Verify that each item listed below is the same on both the FHA Connection and the form HUD11706:
  - Mortgagor name(s);
  - Property address;
  - Mortgage amount;
  - Interest rate; and
  - Endorsement date.

It is acceptable for the mortgage amount shown on FHA Connection to exceed the amount shown on form HUD11706.

2. Verify that the FHA case number on the

## CHAPTER 3: SINGLE-FAMILY POOLS

---

form HUD11706 agrees with the case number on FHA Connection.

In situations where the FHA case number differs between FHA Connection and the form HUD11706, the case number on FHA Connection governs and the form HUD11706 must be corrected. The FHA case number may be manually corrected on form HUD11706. The Issuer is responsible for the change, however, the Issuer may authorize the document custodian to make certain corrections on the Issuer's behalf. The Issuer and document custodian must agree on which corrections the document custodian will make.

- ii. Indian Loan Guarantee Certificate (ILGC)  
The following review procedures are required for all PIH loans:
  - a. Verify that each item on the Indian Loan Guarantee Certificate (ILGC) listed below agrees with the form HUD11706 as follows:
    - Mortgagor name(s);
    - Property address;
    - Mortgage amount; and
    - Interest rate.
  - b. Verify that the PIH Section 184 case number on the form HUD11706 agrees with the case number on the ILGC. In the event of a discrepancy between the PIH Section 184 case number on the ILGC and the form HUD11706, the case number on the ILGC governs, and the form HUD11706 must be corrected. The Issuer, however, may authorize the document custodian to make certain corrections on the Issuer's behalf.
  - c. Verify that the ILGC has been signed by



## CHAPTER 3: SINGLE-FAMILY POOLS

---

an authorized agent of the Assistant Secretary for Public and Indian Housing.

(e) Completion of Final Certification Process

The document custodian must date and sign the final certification on the reverse side of form HUD11706, and must identify the name, address, and Ginnie Mae identification number of the document custodian, and the name and title of the authorized individual who signed the certification. If the form HUD11706 includes more than one page, the document custodian need only sign the last page or the summary page.

The document custodian is required to submit the finally certified original form HUD11706 directly to the PPA through GinnieNET or via hard copy. A copy of the final certification must be placed in the Pool Master File. The PPA will provide the Issuer with a confirmation of the receipt and acceptance of the final certification.

Loan files that have been temporarily released for a non-liquidation reason under reason code 6, and are returned to the document custodian after final certification of the pool, must meet the final certification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released to the Issuer for more than 90 days, it is considered to be overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files when the 90 day period has lapsed. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### **(D-2)Final Certifications R&W Issuers**

An R&W Issuer's custodian may finally certify pools without receipt of the security instrument, title policy and intervening assignments ("trailing documents"). All other requirements disclosed in D-1, and described above,

must be met.

### **(E) Recertifications**

R&W Issuers must still procure the security instrument, title policy and intervening assignments, but may do so in the normal course of business. In addition, if a final certification is being performed as a result of the transfer of servicing rights to a non-R&W Issuer, then all of the requirements of D-1 must be met. R&W Issuers are strongly encouraged to perform a review of trailing documents prior to submitting the documents to the custodian for fiduciary tracking and storage.

Recertification procedures for a finally certified pool are required if there is a change of Issuer or document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required. See Section 3(D)(1) above. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. Recertification must be performed within twelve (12) months of the pool transfer date.

It is important to note that while the Issuer may authorize the document custodian to make document corrections, Ginnie Mae ultimately holds the Issuer responsible for those changes and for the overall validity of the documents.

#### **(1) Recertification Process-Non R&W Issuers**

The following reflects Ginnie Mae's minimum recertification requirements for Issuers that have not entered into a R&W agreement with Ginnie Mae.

- a. The recertification procedures for non R&W Issuers are as follows: :
  - i. Reconcile all loans listed on the original form HUD11706 to the active loans listed in the Issuer's current loan trial balance and the forms HUD11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule

## CHAPTER 3: SINGLE-FAMILY POOLS

---

by attachment of the form HUD11706;  
or

- ii. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD11706. The information provided for each loan must be the same as the information required on the front of form HUD11706. Because of assumptions, the mortgagor's name provided on form HUD 11706 may not agree with the loan documents.
- b. Verify that the following pool and loan documents are present:
- i. Promissory Note
    - Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost note bond.
    - Verify that the promissory note is endorsed up to the pooling Issuer in blank and without recourse.
  - ii. Security Instrument
    - Verify that the security instrument is a recorded original or copy that clearly shows evidence of recordation, if state law requires recordation.
  - iii. Intervening Assignments
    - Verify that all intervening assignments are recorded originals, unless state law does not require recordation. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. Intervening assignments required on or before March 31,

## CHAPTER 3: SINGLE-FAMILY POOLS

---

1979, are not required to be in the custodial file in order for the recertification to be completed.

- Verify that all intervening assignments required on or after April 1, 1979, follow a complete chain of title from the original lender to the current Issuer.
  - The note endorsement may, for instance, be from originator to company “C,” and the intervening assignments may be from originator to company “B”, then to company “C”. Both documents must have a complete chain of title, even if the two chains are not identical.
- iv. Mortgagee Title Insurance – (Not Applicable to HUD-Disposition, Hawaiian Homelands, or VA Vendee Loans):
- Verify the existence of an original title policy or a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable if the original is lost.
- v. FHA Mortgage Insurance
- When reviewing the MIC (based on pooling date), verify that FHA has signed the MIC and it includes the endorsement date. When viewing FHA Connection, verify that the endorsement date field is complete (based on pooling date).
- vi. Indian Loan Guaranty Certificate (ILGC)
- When reviewing the ILGC,

## CHAPTER 3: SINGLE-FAMILY POOLS

---

verify that the PIH Section 184 case number on the form HUD11706 agrees with the case number on the ILGC.

- c. Verify that any forms HUD11708 with non-liquidation release codes are not included in active loan files and the Pool Master File in the place of a promissory note. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost note bond are required.
- d. Verify that all original forms HUD11708 with liquidation codes are included with the form HUD11706 in the Pool Master File, applicable to Section 3(E)(3)(a) above.

### (2) Recertification Process- R&W Issuers

The following reflects Ginnie Mae's minimum recertification requirements for Issuers that have entered into a R&W agreement with Ginnie Mae.

- a. The recertification procedures for R&W Issuers are as follows:
  - i. Reconcile all loans listed on the original form HUD11706 to the active loans listed in the Issuer's current loan trial balance and the forms HUD11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD11706; or
  - ii. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD11706. The information provided for each loan must be the same as the information required on the front of form HUD11706. Because of assumptions, the mortgagor's name

## CHAPTER 3: SINGLE-FAMILY POOLS

---

provided on form HUD 11706 may not agree with the loan documents.

- b. Verify that the following pool and loan documents are present:
  - i. Promissory Note
    - Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost note bond.
    - Verify that the promissory note is endorsed up to the pooling Issuer in blank and without recourse.
  - ii. FHA Mortgage Insurance
    - When reviewing the MIC (based on pooling date), verify that FHA has signed the MIC and it includes the endorsement date. When viewing FHA Connection, verify that the endorsement date field is complete (based on pooling date).
  - iii. Indian Loan Guaranty Certificate (ILGC)
    - When reviewing the ILGC, verify that the PIH Section 184 case number on the form HUD11706 agrees with the case number on the ILGC.
- c. Verify that any forms HUD11708 with non-liquidation release codes are not included in active loan files and the Pool Master File in the place of a promissory note. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost note bond are required.
- d. Verify that all original forms HUD11708

## CHAPTER 3: SINGLE-FAMILY POOLS

---

with liquidation codes are included with the form HUD11706 in the Pool Master File, applicable to Section 3(E)(3)(a) above.

R&W Issuers must still procure the security instrument, title policy and intervening assignments, but may do so in the normal course of business. In addition, if a recertification is being performed as a result of the transfer of servicing rights to a non-R&W Issuer, then all of the requirements of E (1) must be met by the seller prior to requesting a pool transfer.

### (3) Document Custodian's Recertification

The document custodian is required to forward the newly recertified form HUD11706 directly to the PPA. The Issuer and document custodian must maintain a copy of the certification submitted to the PPA.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the custodian after recertification of the pool must meet the final recertification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### **(F) Update of Legal Opinions**

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The Issuer is responsible for updating legal opinions and providing them to the document custodian.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

### **(A) Description of Manufactured Home Loan Pools (MH)**

Manufactured home loan pools consist of FHA Title I and/or VA loans secured by a manufactured home unit or a combination of a manufactured home unit and a developed manufactured home lot acquired in a separate transaction (RHS and PIH do not offer financing programs for manufactured homes which are not permanently affixed to the land). These loans are securitized by a retail installment sales contract, Department of Motor Vehicle Title, and Uniform Commercial Code forms and may include a contract for deed, deed of trust/mortgage, and note for the land purchase, which may or may not be part of the FHA Title I or VA loan.

Manufactured home/land loans closed as a single transaction, such as FHA Title II, VA, Section 502, Rural Housing, Section 184, and Indian Housing loans have requirements that include surrender of the Department of Motor Vehicles title, that the manufactured home be permanently affixed, and that the property be assessed as real property by the local taxing authority. Please refer to Chapter 3 of the Manual for pool certification guidelines on the types of loans considered to be single-family loans.

For purposes of clarification, the guidelines in Chapter 4 are separated into Part I and Part II. Part I relates to the manufactured home unit only, and Part II relates to the manufactured home unit with land, acquired in the same or in a separate transaction, and not permanently affixed or assessed as real property by the local taxing authority (manufactured home unit with land). Part II outlines additional documentation required for initial certification, final certification, and recertification.

### **(B) Responsibilities**

In accordance with the requirements of the Master Custodial Agreement, form HUD11715, (Appendix III-4 of the Guide) ("form HUD11715"), the certification required on Schedule of Pooled Mortgages, form HUD11706, (Appendix III-7 of the Guide) and the Guide, the issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD11706 as the documents become available. At the discretion of the document custodian and the issuer, documents may be delivered on a piecemeal basis or after all required documents have been received for individual loan files. However, the issuer may not collect all documents relating to an entire pool before forwarding the documents to the document custodian.

It is the document custodian's responsibility to:

Accept the documents when delivered;



## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

Ascertain that the documents relate to the loans listed on form HUD11706;

Review the documents for accuracy and consistency in accordance with the review procedures required by this Manual and by Chapters 11 and 13 of the Guide;

Notify the issuer of any inaccurate or incomplete documents submitted; and

Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

It is the issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects not considered material. Ginnie Mae may impose sanctions on issuers that fail to meet final certification or recertification deadlines. Such sanctions may include a letter of credit to mitigate Ginnie Mae's risk exposure. For an issuer subject to sanctions, the document custodian must attest to Ginnie Mae those loans in a pool that do not meet certification requirements.

Ginnie Mae recognizes that laws governing the filing, recordation and perfection of security interests in manufactured home loans may vary significantly from state to state. Perfection or recordation of manufactured home security interests or liens is governed by laws relating to fixtures or goods under the Uniform Commercial Code, real property and/or motor vehicle titling. For information regarding specific state variations, please refer to the *NADA Title and Registration Book*.

### **(C) Initial Certifications** (1) Required Pool and Loan Level Documents

For initial certification, the document custodian must obtain from the issuer the following properly executed pool and loan documents:

(a) Form HUD11706;

(b) An original Certification and Agreement, form HUD11711B (Appendix III-5 of the Guide) (in hard copy or electronic form) ("form HUD11711B"); and, if the form HUD11711B indicates that a release of security interest is required, an original Release of Security Interest, form HUD11711A (Appendix III-5 of the Guide) ("form HUD11711A"), executed by each secured party for the pooled loans in which it has a security interest;

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

(c) Part I – Manufactured home unit only.

- i. Original retail installment contract and/or other chattel security agreement endorsed in blank and without recourse by the issuer. The endorsements must follow the proper chain of endorsements to the current issuer if that issuer did not originate the loan;
- ii. Department of Motor Vehicles Title as evidence of mortgagor ownership of the collateral;
- iii. A copy of the original UCC-1 Financing Statement, transmitted for recordation to the jurisdiction in which the collateral will be located. If the issuer did not originate the loan, copies of the UCC-3 intervening assignments of the chattel security agreement and/or other security interest must document a complete chain of title from the originating lender to the current issuer;
- iv. An original UCC-3 Assignment to Ginnie Mae, in recordable or perfectible form, but unrecorded. The assignment must reference the manufactured home unit vehicle identification number (VIN) assigned by the Department of Motor Vehicles and must agree with the VIN on the original UCC-1 Financing Statement.

(d) Part II – Manufactured home unit with land.

In addition to the documents required for initial certification, as described in Chapter 4(C)(1)c above, the following documents are also required for initial certification when the loan includes land financing:

- i. The original note or other evidence of indebtedness, endorsed in blank and without recourse by the current issuer. In all cases, the last endorsement is required by the current issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator to the current issuer be complete if the issuer did not originate the loan;
- ii. Recorded intervening assignments.

Ginnie Mae requires that the chain of assignments from the loan originator to the current issuer be

complete if the issuer did not originate the loan.

The issuer may use a blanket certification per pool certifying that all intervening assignments have been transmitted for recordation for the pool at initial certification.

As an alternative to individual intervening assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an issuer can only be made for loans in a single pool that are in the same recording jurisdiction. Blanket intervening assignments must be recorded or at initial certification be certified by the issuer as having been transmitted for recordation; and

- iii. In no case may a Request for Release of Documents, form HUD11708 (Appendix [V-5](#) of the Guide) (“form HUD11708”) substitute for a required loan document at the time the document custodian performs an initial certification.

### 2. Document Custodian Procedures – Initial Certifications

At a minimum, the document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency. Any defects discovered during the review procedures must be referred to the issuer in a timely manner for correction.

It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for document quality.

#### (a) Form HUD11706

- i. Verify that the total number of loans reported on form HUD11706 is the same as the number of loan files received for the pool and the physical loan files received agree to the form HUD11706 in number and identity;
- ii. Verify that form HUD11706 has been completely filled out, including the issuer and document custodian’s Ginnie Mae identification number;

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

- iii. File the form HUD11706 in the related Pool Master File.

### (b) Form HUD11711B

- i. Verify that the pool number agrees with the Ginnie Mae pool/loan package number on the related form HUD11706;
- ii. Determine that one of the two boxes on the form has been checked;
- iii. If the form HUD11711B indicates that there is a second party security interest in any pooled mortgage, verify that there is at least one executed form HUD11711A;
- iv. File the form HUD11711B, and form HUD11711A if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that the certification by the issuer is incorrect, the document custodian must refuse the form HUD11711B until the certification has been corrected.

### (c) Part I – Manufactured home unit only.

- i. Retail installment sales contract and/or other chattel security agreement;

Verify that each item listed below is the same on both the retail installment sales contract and the related form HUD11706:

- a. Mortgagor name(s);
- b. Principal amount (alpha, if applicable, and numeric);
- c. Interest rate (alpha and numeric);
- d. Monthly principal and interest payment (alpha and numeric);
- e. Term of the loan (first and last payment due dates if applicable) and the first payment date on the retail installment sales contract. If the first payment date is amended on the retail installment

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

sales contract by an addendum to the contract, the issuer must provide a written explanation for the difference in dates. This documentation must be kept in the loan file;

- f. Number of payments;
  - g. Property street address, city, and state. The contract must include a physical location address of the unit or a location description where the collateral is located.
- ii. Department of Motor Vehicles Title
    - a. Verify that the date of title is the same as or later than the date of the promissory note or retail installment contract. The manufacturer's certificate of origin, the bill of sale, and/or application for title do not demonstrate title in the borrower's name. The title issued by the DMV is the only acceptable evidence of ownership;
    - b. Verify that the VIN (vehicle identification number) and manufactured home description on the title are the same on the retail installment sales contract.
  - iii. UCC Form(s)
    - a. Verify that a copy of the original UCC-1 Financing Statement, certified by the issuer as having been transmitted for recording to the jurisdiction in which the collateral will be located, is provided.
    - b. Verify that copies of the UCC-3(s), intervening assignment(s) of the chattel security agreement, and/or other security interest transmitted for recording to the jurisdiction in which the collateral will be located, have been provided if the issuer did not originate the loan;
    - c. Verify that all UCC-3 intervening assignments follow a complete chain of title from the original lender to the issuer or MERS. If MERS is designated in the UCC-1 as the Original Mortgagee, no intervening assignments will be required as long as the loan remains registered with MERS.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

Ginnie Mae requires a chain of assignments from the originator of the loan to the current issuer. The assignments must be complete. The endorsement may, for instance, be from originator to company "C" and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.

- d. Part II – Manufactured home unit with land.
  - i. Promissory note or other evidence of indebtedness
    - a. Verify that each item listed below is the same on both the promissory note and the related form HUD11706:
      - 1. Mortgagor name(s);
      - 2. Principal amount (alpha and numeric);
      - 3. Interest rate (alpha and numeric);
      - 4. Monthly principal and interest payment (alpha and numeric);
      - 5. Term of the loan (first and last payment due dates);
      - 6. Property street address, city, and state (if property address is included on the note);
      - 7. Verify the interest rate change date for ARMs; and
      - 8. Verify the mortgage margin for ARMs.

A note is not acceptable if there are changes that materially affect the terms of the note, and these changes are not initialed by the mortgagor(s). Material changes include changes to the original loan amount, interest rate, monthly payment, maturity date, or deletion of one of the mortgage covenants.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

If a new note is signed due to changes resulting in a note with a different loan or P&I amount, the form HUD11706 must be updated to reflect the new loan amount and P&I constant. The unpaid principal balance must not be changed. A copy of Ginnie Mae's approval letter must be placed in the loan file.

After verification of information between the form HUD11706 and the promissory note under this Chapter 4(C)(2)(d)i, the form HUD11706 will be used to verify information on all other documents at final certification

- b. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. Ginnie Mae will accept notes with undersigning or oversigning by the borrower. If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Undersigning occurs when a borrower does not sign the complete name or initials typed below the signature line, such as not signing a middle initial. If a note is undersigned, a notarized name affidavit is required to be placed in the loan file. Oversigning occurs when the borrower signs more than is typed below the full middle name instead of an initial. No additional documentation is required for oversigning.
- c. Verify that a complete chain of endorsements exists from the originator of the loan to the current issuer. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the current issuer be complete. In all cases, the last endorsement is required by the issuer in blank and without recourse.

The endorsement from the current issuer in blank should not include a date and the endorsement should be on the note.

The use of allonges is permitted as long as they are an acceptable practice in the jurisdiction in which the collateral is located. The allonge must be an original, clearly reference the note, and be firmly affixed to the note.

The issuer is responsible for ensuring that allonges are enforceable in the jurisdiction in which the collateral is located.

- d. Determine that the issuer endorsement in blank and without recourse was made by an authorized officer of the issuer by comparing the signature on the note to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix [I-2](#) in the Guide) (“form HUD11702”).

Ginnie Mae permits the use of facsimile signatures for executing note endorsements to Ginnie Mae, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction;
  - Such signatures are not prohibited under the issuer’s corporate charter and by-laws;
  - The use of such signatures is authorized by a resolution duly enacted by the issuer’s board of directors, a copy of which is maintained in the Issuer Master File;
  - Such signatures must be notarized when required by jurisdictional law.
- e. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If required, verify that such



sections have been completed. If a notarization is evident, confirm that the notary date is the same as the signature date. The signature may be dated prior to the closing.

- f. Verify that each rider, allonge or addendum relates to and references the note. The allonge must reference the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective document must be filed with the original note.

In the case of a missing note, the document custodian must request that the issuer provide a copy of the note with original signatures by the mortgagors or obtain a lost instrument bond with limited liability in the form prescribed by Ginnie Mae, from an insurance or surety company. The bond must be accompanied by the appropriate power of attorney and certification as required by the insurance or surety company. [Appendix I](#) of this Manual is the required form of the lost instrument bond with limited liability prescribed by Ginnie Mae. Substitution of a different form will not be accepted. Lost note affidavits are not acceptable.

- g. Verify for any limited liability lost instrument bond that each item listed below has been placed on the bond:
  - 1. Name of issuer purchasing the bond;
  - 2. Current issuer loan number;
  - 3. Name of original mortgagor;
  - 4. Physical address or location of property;
  - 5. Amount of bond;

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

6. Name of surety or insurance company (Obligor);
7. Date the bond was executed by surety or insurance company;
8. Name of surety or insurance company;
9. Signature of representative for surety or insurance company;
10. Appropriate power of attorney and certification as required by surety or insurance company.

### ii. Assignments

#### a. Individual Loan intervening assignments

1. Verify that all intervening assignments follow a complete chain of title from the original lender to the current issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee, no intervening assignments will be required as long as the loan remains registered with MERS.

Ginnie Mae requires a chain of assignments from the loan originator to the current issuer. The assignments must be complete. The note endorsement may be from originator to company "C" and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.

2. Verify that all intervening assignments have been transmitted for recordation, if state law requires recordation. The issuer may issue a blanket certification in letter form, per pool, certifying that all intervening assignments have been transmitted for recordation for that

pool. Copies of the intervening assignments are not required at initial certification if the issuer provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.

3. Verify that the mortgagor name(s) on the assignment agrees with the form HUD11706.

If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the loan file.

Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. For jurisdictions where recordation is not required, the document custodian must confirm that there is a legal opinion related to that jurisdiction. This opinion should be maintained by the document custodian in the Issuer Master File. The original unrecorded assignment must be maintained in the appropriate loan file.

### b. Blanket Intervening Assignments

1. Verify that all blanket intervening assignments have been certified by the issuer as having been transmitted for recordation.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

2. Blanket intervening assignments to an issuer can be made for mortgages in multiple pools that are in the same recording jurisdiction.
3. Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies, and that an original is maintained in the applicable Pool Master File. Ginnie Mae accepts the use of a blanket intervening assignment certification form in lieu of a copy of each blanket intervening assignment for each loan listed on the assignment. The certification form must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Pool Master File.

If the blanket intervening assignment presented has no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the Issuer Master File with a copy in each individual loan file to which the opinion applies.

Copies of the blanket intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation. The original blanket intervening assignments must be maintained in the Issuer Master File, with copies in the applicable Pool Master Files and loan files.

- e. Document Custodian's Initial Certification.

The document custodian must date and sign the initial certification on the reverse side of form HUD11706 and must identify the name, address, and Ginnie Mae ID number of the document

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

custodian and the name and title of the authorized signer who signed the certification. If the form HUD11706 includes more than one page, the document custodian need only sign the last page.

The document custodian is required to submit the initial certified original form HUD11706 directly to the PPA. A copy of the initial certification must be placed in the Pool Master File.

### ***(D) Final Certifications***

The final certification deadline is the same whether the current document custodian is the document custodian that issued the initial certification or is a new document custodian following a transfer of issuer responsibility or a transfer of document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required.

At the time the document custodian performs a final certification , a form HUD11708, with a non-liquidation release reason code may not substitute for a loan document, a promissory note or financial obligation,.

For loan documents released for a non-liquidation reason, the pool can only become certified if all final documents were present prior to the release or the issuer has notified the document custodian that the loan has been liquidated from the related pool. It should be understood that no pools will be eligible for final certification by the document custodian when the loans are released for any reason other than liquidation. If the final document package is not present with the original note or other evidence of indebtedness and all required documents at time of final certification (even though the document custodian may have initially certified the loan earlier), no certification can be made until the file is returned and reinstated.

If loans are released from the document custodian to the issuer, using the form HUD11708, for a non-liquidation reason under reason code 6, the pool will not be final certified until the complete loan file is returned to the document custodian. The loan file must contain all required documents for final certification.

Within twelve (12) months of the issuance, the following additional documents are required to be delivered to the document custodian by the issuer for final certification:

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

### (1) Required Documents

#### (a) Part I – Manufactured home unit only.

- i. The original UCC-1 Financing Statement, with evidence of recording in the jurisdiction in which the collateral is located;
- ii. The original UCC-3 Assignments of the chattel security agreement and/or other security interest, with evidence of recording in the jurisdiction in which the collateral is located, which were not available for initial certification. The intervening assignments must document a complete chain of title from the originating lender to the current issuer if the issuer did not originate the loan.

Ginnie Mae will accept copies of the UCC-3 Assignment(s) only if the originals have been lost and if they clearly show evidence of recordation

- iii. FHA Billing Statement copy or other FHA insurance evidence.

#### b. Part II – Manufactured home unit with land.

In addition to the documents required for final certification, as described in Chapter 4(D)(1)a above, the following documents are also required for final certification when the loan includes land financing:

- i. The original mortgage/modification (or other security instrument) securing payment of the indebtedness, signed by the mortgagor and recorded. A copy is acceptable only if the original has been lost and it clearly shows evidence of recordation. However, the note(s) representing the modified note(s) must be original.
- ii. The original recorded intervening assignment(s) which were not available for initial certification. Copies are acceptable only if the originals have been lost and they clearly show evidence of recordation.
- iii. A Mortgagee's title insurance policy or other evidence of title acceptable to FHA or VA, except in cases involving HUD Dispositions and VA Vendee loans.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

### iv. Mortgage Insurance/Guaranty

The following table summarizes Ginnie Mae's requirements relating to custodial review of FHA insurance and VA guaranty.

#### **Issuer and Document Custodian Requirements for Evidence of Agency Insurance/Guaranty**

| Pool Issuance Date    |
|-----------------------|
| FHA Requirements      |
| VA & RHS Requirements |

January 1, 2003 or later

Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of FHA insurance.

Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty.

Prior to January 1, 2003

Requires one of the following:

- Issuer to provide paper MIC: or
- Issuer may direct document custodian to review the duplicate MIC on FHA Connection

Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of guaranty.

### (2) Document Custodian Procedures – Final Certifications

For each loan file, the document custodian is required to perform the following review procedures on the documents listed so as to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred to the issuer for timely correction or resolution.

It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the corrections made by the custodian and the overall acceptability of the documents.

a. Part I – Manufactured home unit only.

i. UCC-1 Financing Statement

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

- (a) Verify that the original UCC-1 Financing Statement is present and has been recorded by the issuer in the jurisdiction in which the collateral is located and includes a location address or location description for the manufactured home unit which agrees with the retail installment sales contract or other chattel security agreement;
  - (b) Verify that the UCC-1 form covers the manufactured home unit and other personal property described in the retail installment sales contract or other chattel security agreement;
  - (c) Verify that the Vehicle Identification Number (VIN) on the UCC-1 form agrees with the title issued by the Department of Motor Vehicles; and
  - (d) Verify that the debtor(s) name(s) on the UCC-1 form agrees with the mortgagor(s) names on the retail installment sales contract or other chattel security agreement.
- ii. UCC-3 Assignment(s)
- (a) Verify that the original UCC-3 intervening assignment(s) of the retail installment sales contract or other chattel security agreement are present and have been recorded in the jurisdiction in which the collateral is located, if the issuer did not originate the loan. The intervening assignment(s) must document a complete chain of title from the originating lender to the current issuer.
  - (b) Verify that the UCC-3 form(s) cover the manufactured home unit and other personal property described in the retail installment sales contract or other chattel security agreement;
  - (c) Verify that the assignment(s) reference the manufactured home unit vehicle identification number (VIN) assigned by the Department of Motor Vehicles and that it agrees with the VIN on the Original UCC-1 Financing Statement; and
  - (d) Verify that the debtor(s) name(s) on the UCC- 3 intervening assignment(s) form(s) agree with the mortgagor(s) names on the retail installment



## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

sales contract or other chattel security agreement.

- iii. The FHA Billing Statement Copy or other evidence of FHA Insurance.

The following review procedures are required for all FHA loans (based on pooling date):

- (a) Verify that the FHA case number on the form HUD11706 agrees with the case number on the FHA Billing Statement or other evidence of FHA Insurance;
  - (b) Verify that the mortgagor(s) names on the form HUD11706 agrees with the mortgagor(s) names on the FHA Billing Statement or other evidence of FHA Insurance;
  - (c) Verify that the principal amount of the loan on the form HUD11706 agrees with the loan amount on the FHA Billing Statement or other evidence of FHA insurance; and
  - (d) Verify that the loan term on the form HUD11706 agrees with the FHA Billing Statement or other evidence of FHA insurance.
- b. Part II – Manufactured home unit with land.

In addition to the procedures required for final certification, as described in Chapter 4(D)(2)a above, the following procedures are also required for final certification when the loan includes land financing:

- i. Security Instrument
  - (a) Verify that each item below is the same on both the security instrument and the form HUD11706:
    - (1) Mortgagor's names(s) (a name suffix is not required on the security instrument);
    - (2) Principal amount (alpha, if applicable, and numeric);
    - (3) Term of loan (first and last payment dates);
    - (4) Property street address, city, and state (if

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

included on the security instrument); and

- (5) Determine that the date of the security instrument is the same as or later than the date of the promissory note or obligation.

- (b) Verify that the security instrument is recorded;

A copy of the recorded security instrument is acceptable only if the original has been lost and if it clearly shows evidence of recordation.

- (c) Verify that the personal property described on UCC forms matches that described in the note or retail installment sales contract;

- (d) Verify that all signatures on the security instrument properly match those on the note;

Ginnie Mae requires that if there are multiple mortgagor names on the note, all names should be on the security instrument. If not, an explanation must be placed in the loan file.

Ginnie Mae will accept security instruments with undersigning (with a copy of the notarized name affidavit) or oversigning by the borrower. Undersigning occurs when the borrower does not sign the complete name or initials typed below the signature line, such as not signing a middle initial. If a note is undersigned, a copy of a notarized name affidavit is required to be placed in the loan file. Oversigning occurs when the borrower signs more than is typed below the signature line, such as signing a full middle name instead of an initial. No additional documentation is required for over signing.

- (e) Examine the security instrument for the completion of any required notarization, acknowledgment, or witness;

- (f) Verify that any rider or addendum properly relates to the security instrument by confirming that the appropriate box has been checked on the security instrument; and

- (g) Verify that any rider or addendum is recorded and that the recorded information corresponds to the

security instrument.

ii. Intervening Assignments

(a) Individual Loan Intervening Assignments

- (1) Determine that Intervening security instrument assignments, copies of which were certified as having been transmitted by the issuer for recordation at initial certification, have been replaced at final certification with a recorded original or copy that clearly shows evidence of recordation.

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting the title to mortgages that were filed with the recorder's office. The issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original assignments from the recorder's office, the issuer is required to forward them to the document custodian

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed along with the title, without the need to make it known to the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in payment terms, the corresponding intervening assignments must also be re-recorded and the Title Insurance Policy must be "dated down" to reflect the correct recording information.

Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments if the recording reference is correct. For jurisdictions where recordation of intervening assignments is not required, the document custodian must confirm by legal opinion related to that jurisdiction. This opinion must be maintained by the document custodian in the Issuer Master File and a copy

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

placed in the related Pool Master File. The unrecorded assignment must be maintained in the appropriate loan file.

- (2) Verify that all intervening assignments are recorded if state law requires recordation. Copies of intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation. The issuer may use a blanket certification per pool for recordation.

- (3) Verify that the mortgagor(s) names on the assignment(s) agree with the form HUD11706.

If an intervening assignment is presented with no evidence of recording or having been transmitted for recording, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the Issuer Master File.

### (b) Blanket Intervening Assignments

As an alternative to individual intervening assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction in which the mortgaged property is located, as documented in an opinion from qualified outside legal counsel. Blanket intervening assignments to an issuer can be made for mortgages in multiple pools that are in the same recording jurisdiction.

- (1) Verify that all copies of blanket intervening assignments have been recorded, if required by state law.

Blanket intervening assignments to an issuer can be made for mortgages in multiple pools that are in the same recording jurisdiction.

- (2) Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies and that the original is maintained in

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

the applicable Pool Master File.

Ginnie Mae accepts the use of a blanket intervening assignment certification form in lieu of copies of the blanket intervening assignment, a copy of which must be placed in each loan file listed on the blanket intervening assignment and must state that the recorded original blanket intervening assignment is maintained in the Pool Master File.

If the blanket intervening assignment presented has no evidence of recordation or certification as having been transmitted for recordation, it must be accompanied by a blanket opinion from qualified outside legal counsel that states that the blanket intervening assignment is enforceable in the jurisdiction in which the mortgaged properties are located. The original opinion must be maintained in the Issuer Master File.

- (3) Verify that blanket intervening assignments that were certified as having been transmitted by the issuer for recordation at initial certification have been replaced at final certification with the original or copies, which are acceptable only if the originals have been lost and if they clearly show evidence of recordation.
- iii. FHA Billing Statement Copy or Other FHA Insurance Evidence. The following review procedures are required for all FHA loans:
  - (a) Verify that each item listed below is the same on both the FHA evidence of insurance and the form HUD11706:
    - (1) FHA case number;
    - (2) Mortgagor name(s);
    - (3) Principal amount; and
    - (4) Term of loan.
  - (b) If the principal loan amount does not agree,

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

the issuer must support the difference with a payment history showing the loan balance is less than the insured amount or with a Ginnie Mae waiver letter supported by a specific reason why the insured amount is different.

- (c) In the case of a difference in verifying the FHA case number between the initial FHA Billing Statement and the form HUD11706, the case number on the initial billing statement governs, and the form HUD11706 must be corrected.
- iv. Mortgagee Title Insurance – (Not Applicable to HUD Disposition, Hawaiian Homelands, or VA Vendee Loans)
  - (a) Confirm that an original title policy, where required, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. All items to be verified on the long form title policy must also be verified if a short form title policy is used. A copy of the complete title insurance policy is acceptable if the original is lost.
  - (b) Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
  - (c) Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
    - (1) Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In those instances, the issuer must supply evidence that effective coverage is

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward ("date down" the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor names(s) and/or property address corrections.

- (2) Amount of insurance coverage for the lender, which must be no less than the original amount of the mortgage or the maximum graduated payment mortgage amount, whichever is higher.

If the amount of title insurance is less than the original loan amount, the loan's unpaid principal balance must be less than the title insurance coverage, supported by a loan history or a Ginnie Mae waiver letter stating why the insured amount is different.

- (d) Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
  - (1) Mortgagor name(s) (minor misspellings of mortgagors names(s) are acceptable);
  - (2) Jurisdiction recording information (i.e., recording date, name of recording office,

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

county, and state of recording, instrument number, book and page (or liber and folio), if applicable. The county and state of recording will not be stated on either the short form title policy or the certificate of title under a master policy. The recording information will not always be included on the title policy; however, if the information is included on the title policy, it must agree with the security instrument.

- (3) Trustee name(s), if applicable; and
- (4) Principal amount.
- (e) Verify that the legal description of Schedule A includes either of the following:
  - (1) A phrase that specifically references the legal description in the security instrument; or
  - (2) A complete legal description.

The legal description on the security instrument and on the title insurance policy must match exactly.

- (f) Verify that the insured named under the title insurance policy is the name of the mortgagee, or that the title policy definition of “insured” includes each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness. The name of the insured include the originating mortgagee and include, if applicable, “it’s successors and/or assigns”. The policy must be accompanied by an endorsement to the issuer as the mortgagee if the definition of “insured” did not include each successor in ownership of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of “insured.”

- (g) Verify that the property address agrees with



## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

the security instrument (if provided) if a short form title policy is used. The name of the insured must name the originating mortgagee and include "it's successors and/or assigns".

- (h) Verify the existence of an adjustable rate endorsement to the title insurance policy if there is an adjustable rate rider attached to the security instrument.
- (i) Verify the existence of a manufactured home endorsement to the title insurance policy.

If a clerk-certified Torrens certificate or an original attorney's opinion which references an abstract of title has been provided, procedures in Chapter 4(D)(2)(b)iv should be modified appropriately.

The attorney opinions or abstract of title must be dated on or after the date the mortgage was recorded.

If a master title policy is used, a copy of the Certificate of Title must be placed in the loan file and the procedures in Chapter 4(D)(2)iv should be modified appropriately.

### 3. Document Custodian's Final Certification.

The document custodian must date and sign the final certification on the reverse side of form HUD11706 and must identify the name, address, and Ginnie Mae ID number of the document custodian and the name and title of the officer who signed the certification. If the form HUD11706 includes more than one page, the document custodian need only sign the last page.

The document custodian is required to submit the final certified original form HUD11706 directly to the PPA. A copy of the final certification must be placed in the Pool Master File. The PPA will provide the issuer with a confirmation of the receipt and acceptance of the final certification.

Loan files that have been released and are returned to the document custodian after final certification of the pool must meet the final certification standards for the pool. Loan files

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

or documents released to an issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected. When the loan file has been returned, the document custodian will review it in accordance with the applicable procedures outlined in this Chapter 4.

### **(E) Recertifications**

Recertification procedures are required if issuer or document custodian responsibilities change for a final certified pool. If the new document custodian prepares the final certification, recertification will not be required. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian and that the notes have been properly endorsed for a transfer of issuer responsibility. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. Recertification must be performed within twelve (12) months of the transfer date for pools transferred in a transfer of document custodian or issuer responsibility. The document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency:

#### **1. Pools Seasoned Less Than Ten Years**

For pools with an issue date less than ten years prior to the effective transfer date, the document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency:

- (a) The recertification can be completed using one of the following methods:
  - i. Reconcile the original loans listed on the original form HUD11706 (form HUD11725 prior to January 1, 1996) to the active loans listed on the issuer's current loan trial balance and the forms HUD11708 for the loan files that have been removed through liquidation; or

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

- ii. Attach a list of the loans remaining in the pool, per the issuer's current trial balance to the recertification, form HUD11706. The information provided for each loan must be the same as the information required on the front of form HUD11706. The list of pooled loans must represent the pool principal and the total number of mortgages reported on form HUD11710-A, Section 1-D, "Balance this month end" for the reporting month used. A copy of the form HUD11710-A must be placed in the document custodian's Pool Master File with a copy of the certification.
- (b) Verify that all required pool and loan documents are present and meet the minimum review standards required under items 4(D)(2)a and 4(D)(2)b of this Chapter 4. An original form HUD11711B is not required for recertification if the pool was transferred to a new issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new issuer is required to obtain forms HUD11711B (in hard copy or electronic form) and 11711A (if required) from the original issuer; and, if the form HUD11711B indicates that a release of security interest is required, an original form HUD11711A, executed by each secured party for the pooled loans in which it has a security interest.
- (c) Part I – Manufactured home Unit only.
- i. Verify that the original retail installment sales contract and/or other chattel security agreement have been endorsed in blank and without recourse by the current issuer. The endorsements must follow the proper chain of endorsement if the issuer did not originate the loan.
  - ii. Verify that the date of the Department of Motor Vehicles title is the same as or later than the date of the retail installment sales contract or other chattel security agreement, and that the Vehicle Identification Number (VIN) and manufactured home description on the DMV Title agrees with the retail installment sales contract or other chattel security agreement.
  - iii. Verify that the VIN number and manufactured home description on the original recorded UCC-1 Financing Statement agree with the DMV Title and the retail installment sales contract or other chattel security agreement.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

- iv. Verify that the original recorded UCC-3 Assignments of the chattel security agreement and/or other security interest document a complete chain of title from the originating issuer to the current issuer if the issuer did not originate the loan.
- v. Verify that the VIN number and manufactured home description on the original UCC-3 Assignment to Ginnie Mae (in recordable form but unrecorded) agree with the DMV Title and the retail installment sales contract or other chattel security agreement.
- vi. Verify that the mortgagor name(s) and FHA case number on the FHA Billing Statement agree with the related form HUD11706.

(d) Part II – Manufactured home unit with land.

In addition to the documents required for recertification as discussed in Chapter 4(E)(1)c above, the following documents are also required for recertification when the loan includes land financing:

- i. Verify that the note or obligation is an original with signatures and includes a complete chain of endorsements from the originating issuer to the current issuer, together with an endorsement in blank and without recourse by the current issuer signed by an authorized signer shown on form HUD11702.
- ii. Verify that the security instrument is an original or a copy which clearly shows evidence of recordation.
- iii. Verify that the documents are original intervening assignments or copies which clearly show evidence of recordation and provide a complete chain of assignments from the originating issuer to the current issuer.
- iv. Verify that the mortgagor name(s), loan amount, and legal description on the mortgagee title policy agree with the security instrument, and that the date of the policy is the same as or later than the recording date of the security instrument.
- v. Verify that there has been a recorded assignment of each mortgage, if there has been a change in issuer.

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

- vi. Verify that there have been updated endorsements on the promissory note or UCC-1 if there has been a change in issuer.
  - vii. Verify that no form HUD11708 with a non-liquidation release code is included in an active loan file and the Pool Master File in the place of a promissory note or financial obligation
  - viii. Verify that all original forms HUD11708 with liquidation release codes are included with the form HUD11706 in the Pool Master File applicable to Chapter 4(E)(1)a above.
  - ix. Verify that the recertification page of form HUD11706 contains the name, ID number, address, and signature of the new issuer, if there has been a change in issuer.
- (e) Sign the reverse side of the recertification page of the form HUD11706 to indicate that all required pool and loan documents have been received. The document custodian's name, address, and Ginnie Mae document custodian number and the issuer's pool number must be included on the form HUD11706.

The document custodian is required to forward the recertified form HUD11706 directly to the PPA. A copy of the recertification must be placed in the Pool Master File, and a copy must be sent to the issuer.

Loan files that have been released and are returned to the document custodian after pool recertification must still meet the final pool certification standards. Loan files or documents released to an issuer for a non-liquidation reason under release code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### 2. Pools Seasoned Ten (10) Years or More

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

For pools with an issue date ten or more years as of the effective transfer date, the document custodian is required to perform the following limited review procedures on pool and loan documents to confirm their completeness and consistency:

- (a) The recertification can be completed using one of the following methods:
  - i. Reconcile the original loans listed on the original form HUD11706 (form HUD11725 prior to January 1, 1996) to the active loans listed in the issuer's current loan trial balance and the forms HUD11708 for the loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment on the form HUD11706; or
  - ii. Attach a list of the loans remaining in the pool, per the issuer's current trial balance to the recertification form HUD11706. The information provided for each loan must be the same as the information required on the front of form HUD11706. The list of pooled loans must represent the pool principal and the total number of mortgages reported on form HUD11710-A, Section 1-D "Balance this month end" for the reporting month used. A copy of the form HUD11710-A must be placed in the document custodian's Pool Master File with a copy of the certification.
- (b) Verify that all required pool and loan documents are present and meet the minimum review standards required under items 4(D)(2)a and 4(D)(2)b of this Chapter 4. An original form HUD11711B is not required for recertification if the pool was transferred to a new issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new issuer is required to obtain forms HUD11711B (in hard copy or electronic form) and 11711A (if required) from the original issuer; and, if the form HUD11711B indicates that a release of security interest is required, an original form HUD11711A, executed by each secured party for the pooled loans in which it has a security interest.
- (c) Part – Manufactured home unit only.
  - i. Verify that the retail installment sales contract and/or

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

other chattel security is an original agreement endorsed in blank and without recourse by the current issuer. The endorsements must follow the proper chain of endorsement if the issuer did not originate the loan.

- ii. Verify that the date of the title is the same as or later than the date of the retail installment sales contract or other chattel security agreement. Verify that the VIN (vehicle identification number) and manufactured home description on the title agrees with the retail installment sales contract.
- iii. Verify that the VIN number and manufactured home description on the original recorded UCC-1 Financing Statement agree with the DMV Title and the retail installment sales contract or other chattel security agreement.
- iv. Verify that the original recorded UCC-3 Assignments of the chattel security agreement and/or other security interest document a complete chain of title from the originating issuer to the current issuer, if the issuer did not originate the loan.
- v. Verify that the VIN number and manufactured home description on the original UCC-3 Assignment to Ginnie Mae (in recordable form but unrecorded) agree with the DMV Title and the retail installment sales contract or other chattel security agreement.
- vi. Verify that the mortgagor name(s) and FHA case number on the FHA Billing Statement agree to the related form HUD11706.

(d) Part II – Manufactured home unit with land.

- i. Verify that the promissory note is an original agreement endorsed in blank and without recourse by the current issuer. The endorsements must follow the proper chain of endorsement if the issuer did not originate the loan.
- ii. Verify that there is a recorded original security instrument or a copy that clearly shows evidence of recordation.
- iii. Verify that there are recorded original assignments or copies and that they clearly show evidence of

## CHAPTER 4: MANUFACTURED HOME LOAN POOLS

---

recordation.

- iv. Verify that the mortgagor name(s) and FHA case number agree with the related form HUD11706. Minor differences are acceptable.
- v. Verify that there is no form HUD11708 with a non-liquidation release reason code substituting for a loan document or a promissory note.
- vi. Verify that all original forms HUD11708 with liquidation release codes are included with the form HUD11706 in the Pool Master File, applicable to Chapter 4(E)(2)a above.

The document custodian is required to forward the recertified form HUD11706 directly to the PPA through GinnieNET or hard copy. The issuer and document custodian must maintain a copy of the certification submitted to the PPA.

Loan files that have been released and then returned to the document custodian after recertification must still meet the final pool certification standards. Loan files or documents released to an issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities, and the affected pools will be considered decertified until the loan file has been corrected. When the loan file has been returned, the document custodian will review it in accordance with the applicable procedures outlined in this Chapter 4.

### **(F) Update of Legal Opinions**

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to any transactions which occur after the changes in law. The issuer is responsible for updating legal opinions and providing them to the document custodian.



## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

### **(A) Description of Construction Loan Pools (CL and CS)**

A construction loan pool consists of a single FHA-insured mortgage for a multifamily project under new construction or rehabilitation.

Upon maturity, construction loan pools and securities convert into project loan pools and securities. With construction loan pools, the document custodian is required to make only a single certification in connection with a new issuance of securities, and that certification is required prior to issuance. Final certification is not required for construction loan pools.

### **(B) Responsibilities**

After initial endorsement by the FHA, and in accordance with the conditions of the Master Custodial Agreement, form HUD11715 (Appendix [III-4](#) of the Guide) ("form HUD11715"), the certifications required on the Schedule of Pooled Mortgages, form HUD11706 (Appendix [III-7](#) of the Guide) ("form HUD11706"), and the Guide, the issuer must deliver the documents set forth below to the document custodian at the location indicated on the form HUD11706. At the discretion of the document custodian and the issuer, documents may be delivered on a piecemeal basis or after all required documents have been received for the loan file.

It is the document custodian's responsibility to:

- (1) Accept the documents when delivered;
- (2) Ascertain that the documents relate to the loan listed on form HUD11706;
- (3) Review the documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters [11](#), [13](#), and [32](#) of the Guide;
- (4) Notify the issuer of any document received that requires correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of certification and, if necessary, recertification.

It is the issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects not considered material. Ginnie Mae may impose sanctions on issuers that fail to meet recertification deadlines for transferred pools. Such sanctions may include a letter of credit to mitigate Ginnie Mae's risk exposure. For an issuer subject to sanctions, the document custodian must attest to Ginnie Mae those pools that do not meet recertification requirements.

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

### (C) **Certifications**

#### 1. Required Pool and Loan Level Documents

To certify a pool prior to the issuance of securities, the document custodian must obtain from the issuer the following properly executed pool and loan documents:

- (a) Form HUD11706;
- (b) An original Certification and Agreement, form HUD11711B (in hard copy or electronic form), (Appendix [III-5](#) of the Guide) ("form HUD11711B"). If the form HUD11711B indicates a second party interest in any pooled mortgage, at least one Release of Security Interest, form HUD11711A, (Appendix [III-5](#) of the Guide) ("form HUD11711A"), is required. If there are no second party interests in the pooled mortgage, a form HUD11711A is not required;
- (c) The original note or other evidence of indebtedness endorsed for insurance by FHA and endorsed in blank and without recourse by the current issuer. The endorsements must provide a complete chain of title if the issuer did not originate the loan;
- (d) A UCC-3 assignment to Ginnie Mae of the lien, mortgage, or other form of security agreement on the lot in recordable or perfectible form, but unrecorded. The assignment must include a legal description or reference to county record books in which the security instrument is recorded;
- (e) An original assignment to Ginnie Mae provided by the issuer in recordable form, but unrecorded (except for loans registered with MERS);
- (f) If the issuer did not originate the loan, all required intervening assignments in the loan file must document a complete chain of title from the originating mortgagee to the current issuer (except for loans registered with MERS);

Intervening assignments must be recorded if jurisdictional law requires recordation. Copies of the recorded intervening assignments are acceptable only if the originals have been lost and if the copies clearly show evidence of recordation;

- (g) The original security instrument, recorded (or filed, if

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

under the Torrens title system) and signed by the mortgagor securing repayment of indebtedness. A copy of the security instrument is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation. Upon receipt of the original security instrument from the recorder's office, the issuer is required to forward it to the document custodian;

- (h) A duplicate original standard title insurance policy or other evidence of title acceptable to FHA. If the duplicate original is lost, a copy is acceptable;
- (i) A duplicate original of the performance bond (dual obligee) naming Ginnie Mae as an insured party, either on the policy, by assignment, by endorsement or by an Assurance of Completion agreement as approved by FHA, backed by either a letter of credit or cash, if applicable. If a letter of credit is used, it must be transferred to Ginnie Mae in a format similar to Appendix [VI-3](#) of the Guide. Any assignment must evidence the surety's written consent. No personal indemnity agreement is permitted. This bond, or an acceptable alternative, is not required in the FHA 223(f) existing project program;
- (j) Copies of Uniform Commercial Code forms or other security documents pertaining to chattel evidencing recordation or perfection with the appropriate office, and an original assignment of such security documents to Ginnie Mae in recordable or perfectible form, but unrecorded or unperfected;
- (k) Copies of the survey and the surveyor's report;
- (l) An original assignment of any FHA firm commitment to the issuer;
- (m) An original of the building loan agreement;
- (n) A copy of the construction contract; and
- (o) Other documents as Ginnie Mae may require.

In no case may a Request for Release of Documents, form HUD11708 (Appendix [V-5](#) of the Guide) ("form HUD11708"), substitute for a required loan document at the time the document custodian performs the single certification for a construction loan pool.

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

### 2. Other Loan Documents Supporting Each Separate Issuance

Securities are generally issued monthly as construction progresses and as advances are insured by FHA. Mortgage funds must be advanced and insured by FHA no later than the month prior to the month in which the related securities are issued. Prior to each individual issuance of securities, including the first issuance, the issuer must deliver to the document custodian the following documents:

- (a) A certificate documenting that the disbursement has been made to the mortgagor and payee named in form HUD92403, Application for the Insurance of Advances, and any other supporting documents requested by the document custodian;
- (b) A copy of form HUD92403, Application for Insurance of Advances, approved by an authorized signatory. The authorized signatory for loans insured by FHA may be the HUD field office or (except for initial and final draws) an FHA-approved Multifamily Accelerated Processing (MAP) lender. If the MAP lender approves the form HUD92403, a copy of the lender's MAP approval must be provided to the document custodian. The form HUD92403 provides evidence of FHA insurance inclusive of the latest disbursement; and
- (c) Evidence that title insurance coverage is in effect, inclusive of the amount of the latest disbursement.

### 3. Document Custodian Procedures – Pool Certification

The document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the required review procedures must be referred to the issuer in a timely manner.

It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the quality of the documents.

- (a) Form HUD11706
  - i. Verify that the form HUD11706 has been completed and signed by the issuer and includes the issuer's and the document custodian's Ginnie Mae identification numbers;

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

- ii. File the form HUD11706 in the related Pool Master File.

### (b) Form HUD11711B

- i. Verify that the pool number on the form HUD11711B agrees with the Ginnie Mae pool/loan package number on the related form HUD11706;
- ii. Determine that one of the two boxes on the form has been checked;
- iii. If the form HUD11711B indicates that there is a second party security interest in the pooled mortgage, verify that there is an original form HUD11711A;
- iv. Verify that the form has been signed by the issuer; and
- v. File the form HUD11711B, and form HUD11711A if required, in the Pool Master File.

If the document custodian suspect, or has reason to suspect, that the certification by the issuer is incorrect, the document custodian must reject the form HUD11711B until the certification has been corrected.

### (c) Promissory Note

- i. Verify that each item listed below is the same on both the promissory note and the related form HUD11706:
  - Mortgagor name(s);
  - Principal amount (alpha and numeric);
  - Interest rate (alpha and numeric); and
  - FHA Project Number.

After verification of information between the form HUD11706 and the promissory note under this Chapter 5(C)(3)(e)i, the form HUD11706 will be used to verify information on all other documents, except for the project number on the FHA insurance endorsement. The project number on the form HUD11706 will be verified to and governed by the

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

project number on the FHA insurance endorsement.

If a difference is identified by the document custodian in verifying the form HUD11706 information listed in this Chapter 5(C)(3)(e)i to the promissory note, the issuer must correct or resolve the difference prior to certification by the document custodian;

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. There will be no signature variations allowed for officers of corporations, partnerships, etc.;
- iii. Verify that the complete chain of endorsements exists from the loan originator to the current issuer. Ginnie Mae requires that the chain of note endorsements from the loan originator to the current issuer be complete.

The endorsement should not include a date. All endorsements should be on the note.

Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The issuer is responsible for ensuring that allonges are enforceable in the jurisdictions where the mortgaged property is located. Allonges may not be used in jurisdictions where their use is prohibited;

- iv. Verify that the issuer endorsement in blank and without recourse was made by an authorized officer, by comparing the signature on the note to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix I-2 of the Guide) (“form HUD11702”).

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

- Such signatures are not prohibited under the issuer's corporate charter and by-laws;
  - The use of such signatures is authorized by a resolution duly enacted by the issuer's board of directors; and
  - Such signatures must be notarized when required by jurisdictional law.
- v. Examine the promissory note for sections requiring notarization, acknowledgment, or witness. If required, verify that such sections have been completed. If a notarization is evident, verify that the notary date is the same as the signature date. The signature date may predate the closing date;
- vi. Verify that each rider, allonge or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective document must be filed with the original note; and
- vii. Verify that the note has evidence of FHA insurance, signed by an FHA agent.

### (d) Intervening Assignments/Security Instrument

- i. Intervening Assignments
- a. Verify that all intervening assignments follow a complete chain of title from the original lender to the issuer or MERS. If the loan was originated with MERS as the Original Mortgagee (MOM), an intervening assignment is not required as long as the loan remains registered with MERS. If state law requires recordation, the intervening assignments must be recorded. Ginnie Mae will accept typographical errors and other minor mistakes on an intervening assignment if the recording reference is correct.
- Ginnie Mae requires that the chain of intervening assignments from the loan originator to the current issuer be complete;
- b. Verify that the mortgagor name(s) on the

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

assignment correspond(s) to the form HUD11706; and

- c. Verify that each intervening assignment is a recorded original. A copy of the recorded original intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recordation. If an intervening assignment is presented that is not a recorded original or copy of an original, or has no evidence of recordation or of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel stating that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the Issuer Master File with a copy in the loan file to which the opinion applied.

### ii. Security Instrument

- a. Verify that each item listed below is the same on both the security instrument and the form HUD11706:
  - Mortgagor name(s);
  - Principal amount (alpha and numeric); and
  - Term of loan (first and last payment due dates);
- b. Verify that the date of the security instrument is the same as or later than the date of the promissory note;
- c. A copy of the security instrument is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation;
- d. Verify that a legal description appears on the security instrument or on an attachment to the instrument;
- e. Verify that all signatures on the security instrument properly relate to the note;
- f. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness;
- g. Verify that any rider or addendum properly relates to the security instrument; and



## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

- h. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.

### (e) Mortgagee Title Insurance

- i. Confirm that an original title policy or a duplicate original signed (or countersigned) by the title company has been delivered, and that it includes Schedule A, B, and Conditions and Stipulations or comparable information;
- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover;
- iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
  - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (issuer must supply evidence that this provides effective coverage); and
  - Amount of insurance coverage, which must agree exactly to the amount on the security instrument;
- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
  - Mortgagor name(s);
  - Trustee name(s) if applicable; and
  - Principal amount.

Short form title policies are not acceptable;

- v. Verify that a complete legal description is included on Schedule A of the title policy;
- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

**“and/or the Secretary of Housing and Urban Development of Washington, D.C., his successors and assigns, as their interests may appear,”** consistent with HUD closing requirements. If the issuer was not the originator of the mortgage, the title policy may show the original mortgagee as the insured mortgagee (see above). In that case, verify that the policy is accompanied by an endorsement of the policy to the issuer as the mortgagee or that the definition of “insured” includes each successor in ownership of the indebtedness secured by the mortgage; and

- vii. If a Torrens certificate or title abstract has been provided, verify that a legal opinion from qualified outside legal counsel, prepared at or after the recordation of the security instrument, has been provided which documents the acceptability of this evidence of title in the jurisdiction.

Procedures in Chapter 5(C)(3)(e)i through Chapter 5(C)(3)(e)vi should be modified appropriately if a Torrens certificate or abstract of title is used.

### (f) Performance Bond

- i. Verify that the performance bond is a duplicate original;
- ii. Verify that Ginnie Mae is named on the bond either by assignment or endorsement as an insured party;
- iii. Verify that, for any assignment, the surety has provided written consent;
- iv. Verify that the bond will not expire prior to the maturity of the securities (i.e., the last payment due date per the construction contract); and
- v. As an alternative to a performance bond, an assurance of completion agreement is acceptable. The collateral backing the assurance of completion agreement must be in accordance with Section 31-14(B)(4) of the Guide. If used, verify that this agreement was approved by FHA.

### (g) Uniform Commercial Code (UCC) Forms

- i. Verify that UCC forms or other security instruments

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

evidence recordation or perfection (filing) with the secretary of state or other appropriate office with jurisdiction, if required;

- ii. Verify that personal property is identified as “all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property.”; and
- iii. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form, but unrecorded or unperfected. “Recordable form” means an executed but unrecorded assignment to Ginnie Mae which must indicate the name(s) of the mortgagor(s), must include a reference to county record books in which the UCC forms are recorded, and must be executed by a corporate officer of the issuer.

### (h) Survey and Surveyor’s Report

- i. Verify that the date of the report is no later than the date of the note;
- ii. Verify that the property description in the report is the same as the description in the security instrument; and
- iii. Verify that the description of easements and encroachments in the report agree with the description in the title policy.

### (i) Assignment of FHA Firm Commitment

- i. If there is a commitment, verify that it is an executed original; and
- ii. Verify that the commitment pertains to the property as described in the security instrument.

### (j) Building Loan Agreement

- i. Verify that the agreement is an executed original; and
- ii. Verify that the property described in the building loan agreement is the same as the property description in the security instrument.

### (k) Construction Contract

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

- i. Verify that the contract is an executed copy; and
- ii. Compare the construction contract to the building loan agreement to verify that they pertain to the same property.

### (I) Document Custodian's Certification

The document custodian must date and sign the certification on the reverse side of form HUD11706 (in hard copy or electronically) and must identify the name, address, and Ginnie Mae ID number of the document custodian and the name and title of the officer who signed the certification.

The document custodian is required to submit the certified original form HUD11706 directly to the PPA via GinnieNET or hard copy. A copy of the certification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after certification of the pool must meet the certification standards for the pool. Loan files or documents released to an issuer with a non-liquidation reason under release code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### ***(D) Recertifications***

Recertification procedures are required if there is a change in issuer or document custodian responsibilities for a pool. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian and that the notes have been properly endorsed for a transfer of issuer responsibility. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. For pools related to a transfer of

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

document custodian or issuer responsibility, recertification must be performed within twelve (12) months of the effective transfer date.

The document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency:

- (1) Verify that all required pool and loan documents are present and meet the minimum review standards required under Chapter 5(C)(3)a through Chapter 5(C)(3)k.

Form HUD11711B is not required for recertification if the pool was transferred to a new issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new issuer is required to obtain forms HUD11711B (hard copy or electronic) and 11711A (if required) from the original issuer. If forms HUD11711B and 11711A cannot be obtained, the new issuer must obtain a waiver letter from Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#));

- (2) If there has been a change in issuer, verify that there has been a recorded assignment of the mortgage (except for loans registered with MERS);
- (3) If there has been a change in issuer, verify that there have been updated endorsements on the promissory note;
- (4) Verify that no form HUD11708 with a non-liquidation release code is included in the loan file and the pool Master File in the place of the promissory note;
- (5) Verify that the form HUD11706 (form HUD11721 prior to January 1, 1996) is maintained in the Pool Master File;
- (6) If recertifying via hard copy, verify that the issuer has prepared and delivered to the document custodian an original recertification page to be attached to copies of the original form HUD11706;
- (7) If there has been a change in issuer, verify that the recertification page of the form HUD11706 contains the name, ID number, address, and signature of the substitute issuer; and

## CHAPTER 5: CONSTRUCTION LOAN POOLS

---

- (8) Sign the reverse side of the recertification page of the form HUD11706, recertifying that all pool and loan documents have been received. The document custodian's name, address, Ginnie Mae document custodian number and the issuer's pool number all must all be included on the form HUD11706.

The document custodian is required to submit the recertified form HUD11706 directly to the PPA via *GinnieNET* or hard copy. A copy of the recertification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after recertification of the pool must meet the certification standards for the pool. Loan files or documents released to an issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae, and the affected pools will be considered decertified until the loan file has been corrected.

### **(E)     *Update of Legal Opinions***

All blanket legal opinions from qualified outside legal counsel must be verified or updated at the time of change in applicable law. Such updated opinions will only apply to transactions that occur after the law takes effect. The issuer is responsible for updating legal opinions and providing them to the document custodian.

## CHAPTER 6: PROJECT LOAN POOLS

---

### **(A) Description of Project Loan Pools (PL, PN, LM, LS, and RX)**

New project loan pools will consist of one or more FHA-insured mortgages, each secured by a completed multifamily project.

A level payment project loan pool (PL), a non-level payment project loan pool (PN), or a mature project loan pool (LM) will consist of a single mortgage on a completed multifamily project. A small project loan pool (LS) or a mark-to-market pool (RX) will consist of one or more mortgages, each secured by a completed multifamily project.

Project pools in existence on August 15, 1997, may consist of a coinsured mortgage secured by a completed multifamily project and, in the case of some project loans purchased from Ginnie Mae under a tandem mortgage disposition program that is no longer in effect, and which may consist of more than one project loan.

With project loan pools, the document custodian is required to make only a single certification in connection with a new issuance of securities, and that certification is required to be made prior to issuance. No final certification is required for project loan pools after the security issuance.

### **(B) Responsibilities**

After final endorsement by the FHA, and in accordance with the conditions of the Master Custodial Agreement, form HUD11715 (Appendix [III-4](#) of the Guide) ("form HUD11715"), the certifications required on the Schedule of Pooled Mortgages, form HUD11706 (Appendix [III-7](#) of the Guide) ("form HUD11706"), and the Guide, the issuer must deliver the documents set forth below to the document custodian, at the premises indicated on the form HUD11706, to obtain certification. At the discretion of the document custodian and the issuer, documents may be delivered on a piecemeal basis or after all required documents have been received.

It is the document custodian's responsibility to:

1. Accept the documents when delivered;
2. Ascertain that the documents relate to the loan listed on form HUD11706;
3. Review the documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters [11](#), [13](#) and [31](#) of the Guide;

## CHAPTER 6: PROJECT LOAN POOLS

---

4. Notify the issuer of any document received that requires correction or completion before certification can be made; and
5. Certify that the documents received satisfy the requirements of certification and, if necessary, Recertification.

It is the issuer's responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects that are not considered material. Ginnie Mae may impose sanctions on issuers that fail to meet recertification deadlines for transferred pools. Such sanctions may include a letter of credit to mitigate Ginnie Mae's risk exposure, among others. For an issuer subject to sanctions, the document custodian must attest to Ginnie Mae those pools which do not meet recertification requirements.

It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the quality of the documents.

### **(C) *Certifications***

#### **(1) Required Pool and Loan Level Documents**

To certify a pool prior to the issuance of securities, the document custodian must obtain from the issuer the following properly executed pool and loan documents:

- (a) Form HUD11706;
- (b) An original Certification and Agreement, form HUD11711B (Appendix [III-5](#) of the Guide) (in hard copy or electronic form) ("form HUD11711B"). If the form HUD11711B indicates a second party interest in any pooled mortgage, an original Release of Security Interest, form HUD11711A (Appendix [III-5](#) of the Guide) ("form HUD11711A"), is required. If there are no second party interests in the pooled mortgage, a form HUD11711A is not required;
- (c) The original note or other evidence of indebtedness (or, in the case of a modified loan, the original note and the allonge, modification, or other evidence of modification) endorsed for insurance by FHA, and endorsed in blank and without recourse by the current issuer. The endorsement must provide a complete chain of title if the issuer did not originate



## CHAPTER 6: PROJECT LOAN POOLS

---

the loan;

- (d) A UCC-3 Assignment to Ginnie Mae of the lien, mortgage, or other form of security agreement in recordable or perfectible form, but unrecorded. The assignment must include a legal description or reference to county record books in which the security instrument is recorded;
- (e) An original assignment to Ginnie Mae provided by the issuer in recordable form, but unrecorded, except if the loan is registered with MERS;
- (f) If the issuer did not originate the loan, all required intervening assignments in the loan file must document a complete chain of title from the originating mortgagee to the current issuer. Intervening assignments are not required if the loan was registered with MERS as Original Mortgagee (MOM). These intervening assignments must be recorded if jurisdictional law requires recordation.

Copies of intervening assignments are acceptable only if the originals have been lost and if the copies clearly show evidence of recordation;

- (g) The original security instrument, recorded (or filed if under the Torrens title system) and signed by the mortgagor securing repayment of indebtedness and, in the case of a modified loan, the recorded original security instrument, any related original note and any title endorsement. A copy of the security instrument is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation. Ginnie Mae will allow the use of the title insurance company-certified copies of the security instrument to satisfy certification requirements;
- (h) A duplicate original standard title insurance policy containing such provisions as are acceptable to FHA. If the duplicate original is lost, a copy is acceptable;
- (i) Copies of Uniform Commercial Code forms or other security documents pertaining to chattel evidencing recordation or perfection with the appropriate office, and an original assignment of such security documents to Ginnie Mae in recordable or perfectible form, but unrecorded or unperfected. In

## CHAPTER 6: PROJECT LOAN POOLS

---

jurisdictions where the recorded security instrument also serves a dual role as a mortgage on the real estate and a security agreement for the chattel, the delivery of a separate security document is not required; and

- (j) Other documents as Ginnie Mae may require.

In no case may a Request for Release of Documents, form HUD11708 (Appendix V-5 of the Guide) (“form HUD11708”) substitute for a required loan document at the time the document custodian performs the single certification for a project loan pool.

### (2) Document Custodian Procedures – Pool Certification

The document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred back to the issuer in a timely manner for correction.

It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for document validity.

#### (a) Form HUD11706

- i. Verify that the form HUD11706 has been completed, including both the issuer’s and the document custodian’s Ginnie Mae identification numbers; and
- ii. File the form HUD11706 in the related Pool Master File.

#### (b) Form HUD11711B

- i. Verify that the pool number on the form HUD11711B agrees with the Ginnie Mae pool/loan package number on the related form HUD11706;
- ii. Determine that one of the two boxes on the form has been checked;
- iii. If the form HUD11711B indicates that there is

## CHAPTER 6: PROJECT LOAN POOLS

---

a second party security interest in the pooled mortgage, verify that there is an original, executed, form HUD11711A; and

- iv. Verify that the issuer has signed the form.

File the form HUD 11711B, and form HUD11711A if required, in the Pool Master File. If the document custodian suspects, or has reason to suspect, that the certification by the issuer is incorrect, the document custodian must refuse form HUD11711B until the certification has been corrected.

### (c) Promissory Note

- i. Verify that each item listed below is the same on both the promissory note and the related form HUD11706:

- a. Mortgagor name(s);
- b. Principal amount (alpha and numeric);
- c. Interest rate (alpha and numeric); and
- d. FHA Project Number (form HUD11706 case number).

After verification of information between the form HUD11706 and the promissory note under this Chapter 6(C)(2)(c)i, the form HUD11706 will be used to verify information on all other documents at certification, except for the project number on the FHA insurance endorsement. The project number on the form HUD11706 will be verified to and governed by the project number on the FHA insurance endorsement.

If a difference is identified by the document custodian in verifying the form HUD11706 information listed in this Chapter 6(C)(2)(c)i to the promissory note, the issuer must correct or resolve the difference prior to certification by the document custodian;

- ii. Verify that each signature on the note agrees with the name typed below the signature line it

## CHAPTER 6: PROJECT LOAN POOLS

---

appears on. There will be no signature variations allowed for officers of corporations, partnerships, etc.;

- iii. Verify that the complete chain of endorsements exists from the loan originator to the current issuer. Ginnie Mae requires that the chain of note endorsements from the loan originator to the current issuer be complete.

The endorsement should not include a date. All endorsements should be on the note.

Allonges may be used as long as they are an acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, clearly reference the note, and be firmly affixed to the note.

The issuer is responsible for ensuring that allonges are enforceable in the jurisdictions where the mortgaged property is located. Allonges may not be used in jurisdictions where their use is prohibited.

- iv. Determine that the issuer endorsement in blank and without recourse was made by an authorized officer of the issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix I-2 of the Guide) ("form HUD11702").

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
- Such signatures are not prohibited under the issuer's corporate charter and by-laws;
- The use of such signatures is authorized by a resolution duly enacted by the issuer's board of directors; and

## CHAPTER 6: PROJECT LOAN POOLS

---

- Such signatures must be notarized when required by jurisdictional law;
- v. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If required, verify that such sections have been completed. If a notarization is evident, note that the notary date is the same as the signature date. The signature may be dated prior to the closing date;
- vi. Verify that each rider, allonge or addendum relates to and references the note. The allonge must reference the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrected document must be filed with the original note; and
- vii. Verify that the note has evidence of FHA insurance, signed by an FHA agent.

### (d) Intervening Assignments/Security Instrument

- i. Intervening Assignments
  - a. Verify that all intervening assignments follow a complete chain of title from the original lender to the current issuer.

Ginnie Mae requires a chain of assignments from the loan originator to the current issuer. The assignments must be complete;
  - b. Verify that the mortgagor name(s) on the Assignment correspond(s) to the form HUD11706;
  - c. Copies of the intervening assignments are acceptable only if the originals have been lost and if the copies clearly show evidence of recordation. If an intervening assignment is presented that has no evidence of recordation, or evidence of being transmitted for recordation, it must

## CHAPTER 6: PROJECT LOAN POOLS

---

be accompanied by an individual mortgage legal opinion from qualified outside legal counsel stating that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the loan file; and

- d. If the loan is registered with MERS, the issuer must provide a complete chain of intervening assignments from origination of the loan up to and including the assignment to MERS. If the loan was originated with MERS as the Original Mortgagee (MOM), no intervening assignments will be required as long as the loan remains registered with MERS.

- ii. Security Instrument

- a. Verify that each item listed below is the same on both the security instrument and the form HUD11706:
  - 1. Mortgagor name(s);
  - 2. Principal amount (alpha and numeric); and
  - 3. Term of loan (first and last payment due dates);
- b. Determine that the date of the security instrument is the same as or later than the date of the promissory note;
- c. Verify that the security instrument includes evidence of recording;
- d. A copy is acceptable only if the original has been lost and if the copy clearly shows evidence of recordation;
- e. Verify that a legal description appears on the security instrument or on an attachment to the instrument;
- f. Verify that all signatures on the security instrument properly relate to the note;

## CHAPTER 6: PROJECT LOAN POOLS

---

- g. Examine the security instrument for the completion of any required notarization, acknowledgment or witness;
- h. Verify that any rider or addendum properly relates to the security instrument; and
- i. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.

### (e) Mortgagee Title Insurance

- i. Verify that an original title policy or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedule A, B, and Conditions and Stipulations or comparable information;
- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover;
- iii. Confirm that the amount of insurance coverage appears on Schedule A of the title policy and that it agrees exactly with the security instrument;
- iv. Verify that each item listed below, appearing in the Mortgage information clause to Schedule A, agrees with the security instrument;
  - a. Mortgagor name(s);
  - b. Trustee name(s), if applicable; and
  - c. Principal amount.

A title company may issue affirmative coverage in lieu of correction of minor clerical errors.

Short form title policies are not acceptable;

- v. Verify that the legal description on Schedule A includes either of the following:
  - a. A phrase which specifically references the legal description in the security instrument; or

## CHAPTER 6: PROJECT LOAN POOLS

---

- b. A complete legal description.

The legal description on the title policy must match the legal description on the security instrument exactly;

- vi. Verify that the insured named under the title insurance policy is the name of the mortgagee or that the title policy definition of “insured” includes each successor in ownership or assignee of the indebtedness secured by the mortgage. The name of insured must name the originating mortgagee and include “it’s successors and/or assigns”. The policy may be accompanied by an endorsement of the policy to the issuer as the mortgagee if the definition of “insured” did not include each successor in ownership of the indebtedness secured by the mortgage; and
- vii. If a clerk-certified Torrens certificate or an original attorney’s opinion that references an abstract of title has been provided, procedures in Chapter 6(C)(2)(e)i through Chapter 6(C)(2)(e)vi should be modified appropriately. Attorney opinions or abstract of title must be dated on or after the date the mortgage was recorded.

### (f) Uniform Commercial Code (UCC) Forms

- i. Verify that UCC forms or other security instruments evidence recordation or perfection (filing) with the secretary of state or other appropriate office with jurisdiction, if required;
- ii. Verify that personal property is identified as “all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property.”; and
- iii. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form, but unrecorded or unperfected. “Recordable form” means an executed but unrecorded assignment to Ginnie Mae which must indicate the name(s) of the



## CHAPTER 6: PROJECT LOAN POOLS

---

mortgagor(s), must include a reference to county record books in which the UCC forms are recorded, and must be executed by a corporate officer of the issuer.”

### (g) Document Custodian Certification

The document custodian must date and sign the certification on the reverse side of form HUD11706 and must identify the name, address, and Ginnie Mae ID number of the document custodian, as well as the name and title of the officer who signed the certification.

The document custodian is required to submit the certified original form HUD11706 directly to the PPA. A copy of the certification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the document custodian after pool certification must meet the certification standards for the pool. Loan files or documents released to an issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae’s Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### **(D) Recertifications**

Recertification procedures are required if there is a change in issuer or document custodian responsibilities for a pool. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian and that the notes have been properly endorsed for a transfer of issuer responsibility. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae’s certification standards. Recertification must be performed within twelve

## CHAPTER 6: PROJECT LOAN POOLS

---

(12) months of the transfer date. The document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency:

(1) For pools for which less than ten (10) years have elapsed from the issue date to the effective transfer date:

(a) Verify that all required pool and loan documents are present and meet the minimum review standards required under Chapter 6(C)(2)a through Chapter 6(C)(2)f.

Form HUD11711B is not required for recertification if the pool was transferred to a new issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new issuer is required to obtain forms HUD11711B (in hard copy or electronic) and 11711A (if required) from the original issuer. If forms HUD11711B and 11711A cannot be obtained, the new issuer must obtain a waiver letter from Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)).

In addition to the documents required by Chapter 6(C)(2)a through Chapter 6(C)(2)f, the following documents are required for coinsured loans: (1) a copy of the executed FHA Regulatory Agreement for the subject project described in the Security Instruments and (2) a special warranty deed, in recordable form but unrecorded, conveying to Ginnie Mae ownership of the property securing the mortgage, including any after-acquired title of the issuer;

(b) If there has been a change in issuer, verify evidence of a recorded assignment of the mortgage;

(c) If there has been a change in issuer, verify evidence of updated endorsements on the promissory note;

(d) Verify that no form HUD11708 with a non-liquidation release code is included in the loan file and the Pool Master File in the place of a promissory note;

(e) Verify that the form HUD11706 is maintained in the Pool Master File;

## CHAPTER 6: PROJECT LOAN POOLS

---

- (f) Verify that the issuer has prepared and delivered to the document custodian an original recertification page for attachment to copies of the original form HUD11706;
  - (g) If there has been a change in issuer, verify that the recertification page of the form HUD11706 contains the name, ID number, address, and signature of the new issuer; and
  - (h) Sign the reverse side of the recertification page of the form HUD11706, recertifying that all pool and loan documents have been received. The document custodian's name, address, and Ginnie Mae document custodian number, and the issuer's pool number must be included on the form HUD11706.
- (2) For pools for which ten (10) or more years have elapsed from the issue date to the effective date of the transfer, perform limited loan document review procedures as follows:
- (a) Reconcile the active loans listed on the form HUD11706 (form HUD11721 prior to January 1, 1996) to the issuer's current loan trial balance;
  - (b) If there has been a change in issuer, verify that there has been a recorded assignment of each mortgage and that the chain of intervening assignments is complete;
  - (c) If there has been a change in issuer, verify that there have been updated endorsements on the promissory note and the endorsement chain is complete;
  - (d) Verify that any UCC filings have not expired;
  - (e) If the loan is coinsured, a copy of the executed FHA Regulatory Agreement must be present for the subject property described in the security instruments, and a special warranty deed must be present, in recordable form but unrecorded, conveying to Ginnie Mae ownership of the property securing the mortgage, including any after-acquired title of the issuer; and
  - (f) Verify that all documents are present or accounted for with a non-liquidation form HUD11708.

## CHAPTER 6: PROJECT LOAN POOLS

---

The document custodian is required to submit the recertified form HUD11706 directly to the PPA. A copy of the recertification must be placed in the Pool Master File.

Loan files that have been released for a non-liquidation reason under reason code 6 and are subsequently returned to the document custodian after pool Recertification must still meet the recertification standards. Loan files or documents released to an issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the custodian. The document custodian must notify the issuer of overdue documents or loan files after 90 days. The notification must be in writing and documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### ***(E) Update of Legal Opinions***

All blanket legal opinions from qualified outside legal counsel must be verified or updated at the time of change in applicable law. Such updated opinions will only apply to transactions that occur after the law takes effect. The issuer is responsible for updating legal opinions and providing them to the document custodian.

## CHAPTER 7: OPERATIONAL PROCEDURES

---

### OVERVIEW OF CHAPTER

This Chapter addresses the following document custodian operational procedures:

- Release and Return of Documents, form HUD11708;
- Termination Prior to Maturity of Pools;
- Pool Maturity;
- Transfer of Custody by Ginnie Mae;
- Transfer of issuer Responsibilities;
- Transfer of Document Custodian Responsibilities;
- Physical Security;
- Inventory Accounting;
- Document Exceptions;
- Missing Document Resolution;
- Common Problem Resolution; and
- Issuer Corporate Name Changes.

#### **(A) Release and Return of Documents (Form HUD11708)**

##### **(1) Release Procedures**

The Request for Release of Documents, form HUD11708 (Appendix [V-5](#) of the Guide) (“form HUD11708”), lists the following reasons, by release reason code, that an issuer may use to request the release of a loan file or document from a document custodian:

- (1) Mortgage Paid in Full;
- (2) Repurchase of Delinquent Loans;
- (3) Foreclosure With Claim Payment;
- (4) Loss Mitigation;
- (5) Substitution;
- (6) Other.

## CHAPTER 7: OPERATIONAL PROCEDURES

---

Issuers are authorized to request loan documents or loan files from the document custodian for one of the six (6) reasons listed above. The document custodian may rely on the issuer's stated reason for requesting the documents without verification. In no case may a pool be initially certified with missing documents or loan files. The document custodian must only accept the current version of form HUD11708. Previous versions of form HUD11708 will not be acceptable after June 1, 2005. The issuer may use an electronic or computer-generated form HUD11708 provided that the format and substance of the computer-generated form are the same as the printed form HUD11708. If an electronic form is used, the issuer must be able to reproduce, upon request by Ginnie Mae or its designee, a hard copy of the form.

Anytime an issuer requests a pool back from the document custodian after the document custodian has provided an initial certification via GinnieNET, but prior to the actual pool processing by the PPA, approval from Ginnie Mae must be obtained. The issuer is responsible for notifying Ginnie Mae in these cases, and for obtaining the required approval from Ginnie Mae. Once Ginnie Mae grants authorization to the document custodian, the document custodian may then return the pool documents to the issuer. A form HUD11708 is not required to return a pool that was never issued.

Document custodians are required to obtain from the issuer form HUD11708, either in hard copy form or electronically, for each set of documents pertaining to an individual loan or loan file for which a release is requested. Upon receipt of the request, the document custodian must verify that the related form HUD11708 is complete and correct. If information on form HUD11708 is materially correct, the document custodian may make corrections for the issuer. The issuer and document custodian must agree on what corrections the document custodian will make.

It is important to note that while the issuer may authorize the document custodian to make corrections on the form HUD11708, Ginnie Mae ultimately holds the issuer responsible for the data on the form.

Only an authorized officer of the issuer whose name

## CHAPTER 7: OPERATIONAL PROCEDURES

---

appears on the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix I-2 of the Guide) (“form HUD11702”), may sign the form HUD11708.

The document custodian must verify that the issuer completed the following:

- (a) Issuer institution full name, unabbreviated;
- (b) Issuer Ginnie Mae identification number;
- (c) Signature of authorized officer of the issuer, whose name appears on the form HUD11702;
- (d) Document custodian full name, unabbreviated;
- (e) Individual loan file information:
  - i. Mortgagor complete name(s); and
  - ii. Property address.
- (f) Pool number;
- (g) One of the six reason codes;
- (h) A listing of document(s) removed in the “Other” section, if the entire loan file is not requested;
- (i) Issuer loan number;
- (j) Settlement/Expected Return Date:
  - i. Mortgage Paid in Full – settlement date;
  - ii. Repurchase of Delinquent Loan – settlement date;
  - iii. Foreclosure With Claim Payment – best estimate of settlement date;
  - iv. Loss Mitigation – settlement date; or
  - v. Substitution – estimated completion date;
  - vi. Other – expected return/settlement date;

After reviewing the prepared form HUD11708 for

## CHAPTER 7: OPERATIONAL PROCEDURES

---

completeness and consistency, the document custodian must record its Ginnie Mae document custodian identification number and sign and date (or electronically acknowledge) the form prior to releasing the requested loan file or documents to the issuer.

Ginnie Mae permits the use of facsimile signatures on form HUD11708 by either the issuer or document custodian, as long as the signatures are permissible under the issuer or document custodian's corporate charter and by laws, and the use of such signatures is authorized by a resolution duly enacted by the issuer or document custodian's board of directors. Additional information for identification purposes may be added to the form HUD11708 if agreed upon by the issuer and the document custodian.

The loan file or documents transferred to the issuer or its designee must be accompanied by a written copy or electronic confirmation of the signed and dated form HUD11708. When the issuer requests loans from the document custodian using form HUD11708, the issuer is responsible for appropriate insurance coverage to insure against any loss or damage to the files in transit. Original forms HUD11708 for loan files requested for a non-liquidation reason under reason code 6 for purposes of transfer or sale must be retained in the related loan file or Pool Master File.

### (2) Release Reason Codes

Document custodians and issuers must utilize the release codes outlined on the form HUD11708 and further described below:

- (a) Mortgage Paid in Full;
  - (b) Repurchase of Delinquent Loans;
  - (c) Foreclosure With Claim Payment;
  - (d) Loss Mitigation;
  - (e) Substitution; or
  - (f) Other.
- a. Reason Code 1: Mortgage Paid in Full. The issuer shall use reason code 1 when funds were



## CHAPTER 7: OPERATIONAL PROCEDURES

---

received, and deposited by the issuer in accordance with Chapter 16-9(A), on behalf of the mortgagor to pay the loan in full. When a mortgage has been paid in full, the loan file pertaining to the mortgage must not remain in the possession of the document custodian. The issuer must submit to the document custodian a form HUD11708 no later than thirty (30) days following the loan liquidation date.

Upon release of the loan file from the document custodian's possession and receipt of the form HUD11708, the document custodian must update Schedule of Pooled Mortgages, form HUD11706 (Appendix III-7 of the Guide) ("form HUD11706") to reflect removed files. Form HUD11706 may be maintained in an electronic medium, but the document custodian must be capable of producing a printout of form HUD11706 upon request by Ginnie Mae or its designee.

- b. Reason Code 2: Repurchase of Delinquent Loans. The issuer shall use reason code 2 when issuer funds were used to repurchase the loan from the pool as a result of delinquency and in accordance with Chapters 18-3(B) and 16-9(A) of the Guide. Reason code 2 is not used for loss mitigation.

Upon release of the loan file from the document custodian's possession and receipt of the form HUD11708, the document custodian must update the form HUD11706 to reflect removed files. Form HUD11706 may be maintained in an electronic medium, but the document custodian must be capable of producing a printout of form HUD11706 upon request by Ginnie Mae or its designee.

- c. Reason Code 3: Foreclosure With Claim Payment. The issuer shall use reason code 3 when insurance/guaranty funds were received from FHA, VA, RHS, or PIH and deposited by the issuer in accordance with Chapter 16-9(A) of the Guide, and the loan was liquidated from the pool. If state law requires the issuer to have the original note before initiating foreclosure proceedings or shortly after the proceedings begin, the issuer should submit a form HUD11708 using reason

## CHAPTER 7: OPERATIONAL PROCEDURES

---

code 6 to obtain the original note and enter in the blank with reason code 6 the explanation “Initiating Foreclosure.”

Upon the release of a loan file from the document custodian’s possession and receipt of the form HUD11708, the document custodian must update the form HUD11706, to reflect removed files. Form HUD11706 may be maintained in an electronic medium, but the document custodian must be capable of producing a printout of form HUD11706 upon request by Ginnie Mae or its designee.

- d. Reason Code 4: Loss Mitigation. The issuer shall use reason code 4 when the loan has been repurchased from a pool under the conditions specified in Chapter 18-3(B) of the Guide, and the funds deposited in accordance with Chapter 16-9(A) of the Guide with the express intention of performing loss mitigation procedures as specified by FHA, VA, RHS, or PIH.

Upon the release of a loan file from the document custodian’s possession and receipt of the form HUD11708, the document custodian must update the form HUD11706 to reflect removed files. Form HUD11706 may be maintained in an electronic medium, but the document custodian must be capable of producing a printout of form HUD11706 upon request by Ginnie Mae or its designee.

- e. Reason Code 5: Substitution. The issuer shall use reason code 5 when (1) a defective loan is removed from the pool and replaced with an eligible loan; or (2) when the issuer is correcting for an over-collateralization by means of loan substitution. All loan substitutions must have the prior written approval of Ginnie Mae.

During the first four months following the security issuance date, an issuer may substitute a defective mortgage with a comparable conforming mortgage. The defective loan file that is being replaced must be requested by the issuer to be released from the document custodian’s possession using a form HUD11708. Any form HUD11708 submitted to a document custodian

## CHAPTER 7: OPERATIONAL PROCEDURES

---

with this reason code must be accompanied by a copy of the letter from Ginnie Mae approving the substitution.

The document custodian must not release a loan file based on this reason code if the form HUD11708 is not accompanied by the substitute loan file and a copy of the Ginnie Mae approval letter. Once the loan file is released to the issuer, the document custodian must “line-out” the released loan file on the form HUD11706, and attach the page with the substitute loan to the form HUD11706 with the substitute loan.

A loan file that has been released because of a substitution may not be returned to the same pool. The document custodian must retain the copy of the Ginnie Mae approval letter in the Pool Master File for the remaining life of the pool.

- f. Reason Code 6: Other. The issuer shall use reason code 6 when (1) a loan is liquidated from a pool for any reason that does not meet the requirements of the other reason codes; or (2) the issuer needs a loan document or file for a non-liquidation reason.

Loan documents or files requested for liquidation reasons under reason code 6 may or may not require Ginnie Mae approval. Liquidation related requests under reason code 6 that require Ginnie Mae approval are as follows:

- Repurchase of a defective loan without a substitution.

A copy of the Ginnie Mae approval letter authorizing the repurchase must accompany the form HUD11708 when the issuer requests the documents from the document custodian.

Some examples of liquidation related requests under reason code 6 that do not require Ginnie Mae approval are as follows:

- Taking of the mortgaged property by eminent domain or condemnation proceedings; or

## CHAPTER 7: OPERATIONAL PROCEDURES

---

- Receipt of hazard and/or flood insurance claim proceeds to pay the loan in full.

For liquidation-related release requests under release code 6, regardless of whether Ginnie Mae approval is required, the issuer must enter in the blank containing reason code 6 an explanation of the reason for requesting the loan documents or file.

If the reason for the request is not listed above, the issuer must obtain written Ginnie Mae approval before the documents may be released.

Upon the liquidation release of a loan file from the document custodian's possession and receipt of the form HUD11708, the document custodian must update the form HUD11706 to reflect removed files. Form HUD11706 may be maintained in an electronic medium, but the document custodian must be capable of producing a printout of form HUD11706 upon request by Ginnie Mae or its designee.

Loan documents or files requested for non-liquidation reasons under reason code 6 may or may not require Ginnie Mae approval. Non-liquidation related requests under reason code 6 that require Ginnie Mae approval are as follows:

- Transfer of issuer responsibilities; or
- Transfer of document custodian responsibilities.

A copy of the Ginnie Mae approval authorizing the release of the loan files must be provided to the document custodian by the issuer, either in hard copy or electronically through GinnieNET. The written Ginnie Mae approval authorizing the release of the loan files may be used in lieu of an individual form HUD11708 in requesting the files to be transferred.

Non-liquidation related requests under reason code 6 that do not require Ginnie Mae approval are as follows:

## CHAPTER 7: OPERATIONAL PROCEDURES

---

- Document correction;
- Initiation of foreclosure or litigation relating to borrower bankruptcy;
- Partial release of security;
- Release or grant of an easement;
- Release of gas, oil, or mineral rights;
- Release of chattel;
- Partition of the mortgaged property;
- Partial taking of the property by eminent domain or condemnation proceedings;
- Processing of a CEMA loan;
- Multifamily: Construction-to-Permanent Loan Conversions. These loans should not be included in the 90-day overdue report;
- Releases related to due diligence reviews and audits are limited to the lesser of 10 loans or 10 percent of the loans in a pool;

The issuer must enter in the blank containing reason code 6 on the form HUD11708 an explanation of the reason for requesting the loan documents or loan files, and the date the issuer expects to return the documents to the document custodian.

If the reason for the request is not listed above, the issuer must obtain written Ginnie Mae approval, which must accompany the form HUD11708, before the documents or files may be released.

Upon release of the document or file to the issuer, the document custodian must list the loan in its non-liquidation inventory and track the documents in accordance with Chapter 7(H)5 of this Manual.

### (3) Return Procedures

## CHAPTER 7: OPERATIONAL PROCEDURES

---

When a released loan file is returned to the document custodian by the issuer, the document custodian must perform the following procedures to properly execute the return of form HUD11708:

- a. Match the original form HUD11708 to the applicable loan file or documents;
- b. Review the returned file or documents to determine that all applicable loan documents are returned and meet the requirements for certification as outlined in this Manual;
- c. Sign and date the bottom of the copy of the form HUD11708 (either in hard copy or electronically) that is being returned by the issuer;
- d. Update the form HUD11706 as necessary;
- e. If releasing a loan file using a hard copy form HUD11708, forward the executed returned form HUD11708 to the issuer.

The document custodian is not required to retain a copy of the returned form HUD11708.

### **(B) Termination Prior to Maturity of Pool**

In the event of a pool termination, Ginnie Mae will notify the document custodian directly, in writing, authorizing the release of all remaining mortgage documents. Upon receipt of the written authorization, the document custodian must release all loan documents relating to the terminated pool to the issuer.

### **(C) Pool Maturity**

After verifying that the security balance of the pool is zero, through at least the annual reconciliation of pools, the document custodian should notify the issuer. It will be the issuer's responsibility to request the Master Pool File from the document custodian after verification that all loans have been liquidated. If a loan file was requested in error, the issuer must return to the document custodian the loan documents along with the Master Pool File. Loan files requested in error by the issuer must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents after 90 days. The notification must be in writing and be documented in the inventory or file. The issuer must also maintain a

## CHAPTER 7: OPERATIONAL PROCEDURES

---

non-liquidation release inventory. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)) of the violation.

Upon notification to the document custodian by Ginnie Mae that an issuer in the MBS Program has been placed in formal default status or if, for any reason, Ginnie Mae determines that the safety or security of loan documents is in jeopardy, the document custodian must comply with all written instructions from Ginnie Mae including, but not limited to, surrendering custody and delivering to Ginnie Mae or its designee all related documents, or otherwise abiding by all the terms contained in the Master Custodial Agreement, form HUD11715, (Appendix [III-4](#) of the Guide) ("form HUD11715").

### **(D)     *Transfer of Custody by Ginnie Mae***

This section describes custodial responsibilities when there is a change in issuer without a change in document custodian.

A transfer of issuer responsibility requires Ginnie Mae's prior written approval of the transfer and the execution of a new form HUD11715 (if needed), and recertification of the pools. Prior to both final approval by Ginnie Mae and the actual transfer of issuer responsibilities, an appropriate form HUD11715 must be executed by both the new issuer and the existing document custodian, unless a current form HUD11715 is already in effect.

### **(E)     *Transfer of Issuer Responsibilities***

Recertification of a pool (see Chapters [3](#), [4](#), [5](#), and [6](#) of this Manual) is required any time a pool is transferred to a new issuer. In cases where related institutions are involved, verified by corporate resolution, and a legal opinion from outside counsel states that new assignments are not required to determine ownership of the collateral, recertification is not required.

Ginnie Mae does not require recertification, intervening assignments or note endorsements if the transfer is due to a merger of institutions and the document custodian does not change. All mergers require prior written approval from Ginnie Mae. A copy of the merger documents and Ginnie Mae approval letter must be placed in the Issuer Master File.

This section describes custodial responsibilities when there is a change in document custodian, regardless of whether or not there is a change in issuer.

Issuers are required to transfer document custodial responsibility from one document custodian to another document custodian electronically. The new document custodian must be covered by an existing form HUD11715. Issuers will no longer be required to submit a hard copy form HUD11715 to the PPA, unless there are changes to the existing form HUD11715.

### ***(F) Transfer of Document Custodian Responsibilities***

Under the procedure, issuers have the option to either transfer some or all of their pools. To request a transfer of pools, issuers are required to submit the following information electronically using the GinnieNET certification module:

1. A written request identifying the parties involved in the transfer and the reason for the transfer;
2. An executed form HUD11715 covering the new document custodian; and
3. An exhibit listing the pools being transferred.

Upon Ginnie Mae's written approval of the transfer, the following documents must be released to the new document custodian:

1. All the issuer's Pool Master Files, the custodial register, all loan files, and all forms HUD11706 and 11708;
2. Any other pool level documents related to loan files.

It is the new document custodian's responsibility to determine that all required documents pertaining to all mortgages in each pool have been received.

A listing of pools must be presented to the new document custodian for retention. A copy of the completed and executed Exhibit A must be retained in the prior document custodian's records.

The previous document custodian is responsible for packing the files for transit and making the files available to the new document custodian. The issuer is responsible for the safe transfer of all documents to the new document custodian's facility. The custodial documents must be sent directly to the new document



## CHAPTER 7: OPERATIONAL PROCEDURES

---

custodian, not to the issuer. The new document custodian must transfer all files directly to the permanent storage location specified in the form HUD11715.

Whenever there is a physical movement of pool and loan files, the issuer of record, as recognized by Ginnie Mae as of the effective date of transfer, is responsible for appropriate insurance coverage to insure against any loss or damage to the files in transit. As an alternative, Ginnie Mae allows the use of a temporary rider to the issuer's or document custodian's property insurance policy to provide adequate coverage.

Recertification of a loan pool (see Chapters 3, 4, 5, and 6 of this Manual) is required any time a pool is transferred to a New document custodian. Recertification must take place within twelve (12) months of transfer for all transactions.

### **(G)    *Physical Security***

Ginnie Mae has determined that certain requirements must be met by document custodians to ensure that a secure and accessible storage facility is provided for the retention of pool and loan documents. These requirements are:

1. All documents for a single pool must be retained in a single permanent storage location. The name, address, and Ginnie Mae identification number of the document custodian must be specified on the final page of the applicable form HUD11706.

The address at which the documents are held must be the last address of record reported in writing to Ginnie Mae.

2. Ginnie Mae's approval must be received before a document custodian can move documents to a new location. The information that must be provided to Ginnie Mae includes the prior location's address, the new location's address, and a listing of the pools to be moved. If the document custodian changes the location of Ginnie Mae pool documents to a new address, an appropriate amount of in-transit insurance coverage must be in force to indemnify against any loss or damage to the files in transit to the new permanent storage location. The document custodian is responsible for obtaining insurance coverage to insure against any loss or damage to

## CHAPTER 7: OPERATIONAL PROCEDURES

---

the files in transit. As an alternative, Ginnie Mae allows the use of a temporary rider to the document custodian's property insurance policy to provide coverage.

3. Adequate controls and safeguards must be provided to protect documents from hazards and unauthorized access.
4. A fire resistant depository for all Ginnie Mae pool documents is required.

Effective January 1, 2007, all document custodial facilities must provide for two (2) hours of fire protection, which must be attested to by a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction, or an independent, qualified fire protection contractor. This statement of compliance must be retained by the document custodian and be available for inspection by Ginnie Mae or its designee. It is acceptable if the storage facility meets Federal Deposit Insurance Corporation guidelines for vaults as stated in the FDIC Rules and Regulations.

Prior to January 1, 2007, existing approved document custodial facilities must provide a minimum of one and one half (1-1/2) hours of fire protection, as attested to in a written statement from the insurance company of the document custodian, the fire marshal, or a fire protection contractor of the applicable jurisdiction, and updated upon any significant change in the facility. This statement of compliance must be retained by the document custodian and be available for inspection by Ginnie Mae or its designee. It is acceptable if the storage facility meets Federal Deposit Insurance Corporation guidelines for vaults as stated in the FDIC Rules and Regulations.

After September 1, 2004, all new applications for Ginnie Mae document custodian approval must meet the minimum of two (2) hours of fire protection. This minimum level of protection must be attested to in a written statement from the insurance company of the document custodian, the fire marshal of the applicable jurisdiction or an

## CHAPTER 7: OPERATIONAL PROCEDURES

---

independent, qualified fire protection contractor. This statement of compliance must be updated upon any significant change in the facility and made available for inspection by Ginnie Mae or its designee.

The fire-resistant storage must have adequate access controls to ensure the safety and security of the custody documents and loan files. The access controls may be either in (1) an electronic form, such as requiring one employee using a security card reader to gain entry to the vault; or (2) a manual form requiring two employees to be present whenever the vault is entered.

It is the issuer's responsibility to reconstruct the loan files in the event of a disaster. Responsibility of the document custodian to the issuer depends on the contractual agreement between the issuer and the document custodian.

5. Have and maintain a disaster recovery plan that documents, at a minimum:
  - a. The recovery of the electronic tracking system utilized by the document custodian (both data and reports);
  - b. The relocation/restoration of the document custodial facilities to ensure continuing ability to perform required custodial functions;
  - c. Additional requirements for the testing and maintenance of the plan;
  - d. Procedures for notifying both the issuer(s) and Ginnie Mae of a disaster within 24 hours of the disaster; and
  - e. Certification testing which provides for the disaster recovery plan to be tested annually and acknowledged by an independent party (i.e., Internal Audit or an Independent Auditor). Such acknowledgement must state that the test was completed successfully; or if the facility failed the test, the date the successful test was completed.

## CHAPTER 7: OPERATIONAL PROCEDURES

---

### **(H) Inventory Accounting**

The document custodian must maintain control of pool and loan documents for the life of the pool. Custodial control is critical for preserving the collateral interests of the issuer, security holders and Ginnie Mae. This section describes specific inventory accounting requirements that must be followed for each issuer for which the document custodian is responsible with respect to:

- Issuer Master File;
- Issuer Custodial Register;
- Pool Master File;
- Annual Physical Inventory; and
- Non-liquidation Release Inventory/File.

#### **(1) Issuer Master File**

For each issuer, the document custodian must maintain an Issuer Master File that includes at least the following information:

- a. Issuer custodial register (described below);
- b. Initial or subsequent form HUD11715(s);
- c. Any blanket legal opinions;
- d. Copy of an issuer's corporate resolution for a name change;
- e. Any other applicable issuer level documents in the document custodian's possession;
- f. Copies of any issuer's corporate resolution(s) and/or legal opinion(s) relating to custodial matters (i.e., use of facsimile signatures); and
- g. Copy of form HUD11702.

#### **(2) Issuer Custodial Register**

For each issuer, the document custodian must maintain a register or tracking system which includes at least the following information:

- a. A listing of Ginnie Mae pools currently in custody,

## CHAPTER 7: OPERATIONAL PROCEDURES

---

including pool identification numbers;

- b. For each pool, both the actual and due dates for final certification and recertification; and
- c. A count of the total number of Ginnie Mae pools in custody.

At a minimum, this register must be updated once a month. Monthly activity that must be recorded includes all pool certifications, transfer activity and liquidations.

The issuer custodial register must be kept in the Issuer Master File and must be available for review by Ginnie Mae or its designee. If the issuer custodial register is maintained in electronic medium, however, the document custodian must be capable of producing a hard copy of the register upon request by Ginnie Mae or its designee.

### (3) Pool Master File

For each pool covered under a form HUD11715, the document custodian must maintain a single Pool Master File that, at a minimum, must contain the following documents:

- a. Form HUD11706. If the pool was issued prior to January 1996, the form HUD11706 may have a different title and form number;
- b. Certification and Agreement, form HUD11711B (Appendix [III-5](#) of the Guide) (“form HUD11711B”), if required;
- c. Release of Security Interest, form HUD11711A (Appendix [III-5](#) of the Guide) (“form HUD11711A”), if applicable;
- d. Original blanket intervening assignment(s), with a copy included in each individual loan file to which the blanket intervening assignment applies;
- e. Original pool level waiver letter(s) from Ginnie Mae, if any; and
- f. Forms HUD11708 with non-liquidation release codes may also be retained in the individual loan

## CHAPTER 7: OPERATIONAL PROCEDURES

---

files for released loan documents. These forms may be retained in hard copy or electronically. If retained electronically, the document custodian must be able to reproduce the form upon request by Ginnie Mae or its designee.

### (4) Annual Physical Inventory

At least annually, the document custodian must perform an inventory of all pools held for each issuer. At a minimum, the following procedures must be performed:

- a. The pool numbers on the Issuer Custodial Register must be reconciled to a current issuer-provided listing of pools; and
- b. The pool numbers on the Issuer Custodial Register must be reconciled to the Pool Master Files.

The document custodian must provide each issuer it serves with a written summary of the results of the annual inventory. Any differences should be identified and resolved within one-hundred and twenty (120) days of submitting the inventory summary letter to the issuers. Unresolved differences must be immediately reported by the document custodian to Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)).

### (5) Non-liquidation Release Inventory/File

The document custodian must maintain an inventory or file of all forms HUD11708 submitted on the basis of the non-liquidation reason code. If a file is maintained, copies of the forms HUD11708 must be kept in chronological order by document release date. If an inventory is maintained, the following information must be included:

- a. Pool number;
- b. Issuer's loan number; and
- c. Document release date.

The non-liquidation release inventory may be maintained in electronic medium; however, the

## CHAPTER 7: OPERATIONAL PROCEDURES

---

document custodian must be capable of producing a hard copy of the inventory upon request.

Loan files or documents released to an issuer for a non-liquidation release reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the issuer of overdue documents after 90 days. The notification must be in writing and be documented in the inventory or file. The issuer must also maintain a non-liquidation release inventory. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae of the violation. The document custodian may submit its report of loans overdue for return to Ginnie Mae on a monthly basis.

If an issuer has failed to return the file within the prescribed 180 days, the document custodian must inform Ginnie Mae of the issuer's violation. Notification by the document custodian should be sent to both Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)) and the issuer documenting the violation and listing the dates of the earlier request to rectify the violation.

### ***(I) Document Exceptions***

Specific document requirements are detailed throughout this Manual. Ginnie Mae will consider, on a case-by-case basis, granting an exception in writing to an issuer for a specific document exception. Requests for exceptions to requirements must be submitted in writing, and all Ginnie Mae exception letters must be retained by the document custodian in the related loan and pool files for the remaining life of the loan pool. If a waiver letter has been granted that pertains to specific pools and those pools are transferred, the waiver letter or a copy must transfer with the pools.

### ***(J) Missing Document Resolution***

Lost or missing loan documents are documents that existed at some point, but are currently not in the possession of the issuer, document custodian, or an agent, such as a foreclosure attorney or subcontract servicer. Note that the following discussion is not designed to be comprehensive and cannot be construed as a substitute for the advice of qualified legal counsel.

## CHAPTER 7: OPERATIONAL PROCEDURES

---

If Ginnie Mae HUD forms are missing from the pool Master File, these documents may be replaced with a copy of the missing document. Ginnie Mae will accept copies of the recorded Security Instrument and Intervening Assignments only if the originals have been lost and if the copies clearly show evidence of recordation. If any original note is missing, it may be replaced by a lost note bond. The document custodian must obtain a copy or original as appropriate of any missing document from the issuer.

When a document custodian becomes aware that a required document is missing, it is the document custodian's responsibility to send the issuer a written lost document notification immediately, not to exceed thirty (30) days after discovery, and request timely resolution by the issuer. The written lost document notification to the issuer must contain each of the following items:

1. Pool number;
2. Loan or case numbers;
3. Mortgagor and Mortgagee names;
4. Description of missing document;
5. Date the document was discovered missing; and
6. Possible reasons for the absence of the document, if known.

A copy of the document custodian's written request must be placed and maintained in the Pool Master File. Additionally, at least quarterly the document custodian is expected to forward to the issuer a listing of all documents that have been missing for ninety (90) days or more.

Upon review and acceptance, the document custodian must file the replacement document in the applicable loan file and delete the document from the original lost document notification that was sent to the issuer.

The issuer must make a timely submission of the replacement document. If the missing document relates to a loan in a pool that has not been finally certified, the issuer must replace the document within twelve (12) months of security issuance.



## CHAPTER 7: OPERATIONAL PROCEDURES

---

If the pool has been finally certified, the loan document must be replaced within ninety (90) days of the date the written notice was sent to the issuer by the document custodian. If the problem is not resolved within ninety (90) days, the document custodian must then notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)). The affected pools will be considered decertified, and the loan file will have to be corrected.

For missing note situations requiring a lost instrument bond with limited liability, the lost instrument bond with limited liability must be in the form prescribed by Ginnie Mae. A lost note affidavit is not acceptable. The lost instrument bond must be accompanied by the appropriate Power of Attorney and certification as required by the insurance or surety company. (See Appendix I of the Manual for the prescribed lost instrument bond with limited liability.) The lost instrument bond does not require an endorsement. The bond must be submitted to the document custodian for review and approval. The document custodian will review the bond and, if acceptable, place the lost instrument bond in the document custodial loan file to replace the missing note.

In those cases where the document custodian may not be able to resolve a discrepancy with the issuer concerning the lost instrument bond, the document custodian must submit the lost instrument bond to Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)) for a final determination. Pools that are past due for final certification or recertification require a letter of credit. The letter of credit does not automatically place the issuer in compliance with Ginnie Mae's requirements. Letter of credit requirements are more specifically described in Chapter 11-6 of the Guide. The document custodian's role in the letter of credit process is to reconcile with the issuer the total number of pools and/or loans past due for certification. It should be understood that the document custodian cannot attest to any other figures noted (i.e., loan balances and the total amount of letter of credit), or to any other Ginnie Mae pools and/or loans held on behalf of the issuer by other document custodians.

If at any time an error is discovered by a document custodian, the document custodian must notify the issuer of the error for correction or resolution. If the error cannot be remedied, Ginnie Mae's Office of Mortgage-Backed

## CHAPTER 7: OPERATIONAL PROCEDURES

---

Securities (see [Addresses](#)) must be notified after ninety (90) days.

The document custodian is required to review documents for their consistency and completeness. The issuer will be required to determine materiality of errors and adequately explain the materiality to the document custodian.

### **(K) Issuer Corporate Name Changes**

Issuers are required to provide the document custodian with a copy of the appropriate corporate resolution in the event of an issuer name change. The issuer is required to provide the resolution within thirty (30) days of a name change, and the resolution must be maintained by the document custodian in the Issuer Master File. Issuers are not required to prepare new assignments because of a name change.

## CHAPTER 7: OPERATIONAL PROCEDURES

---

### “Exhibit A”

Seller's Name, ID No. \_\_\_\_\_

Buyer's Name, ID No. \_\_\_\_\_

| Pool Number | Type (X, C, or M) | Unpaid Security<br>Principal<br>Balance | Date of Issue | Date Finally<br>Certified/<br>Recertified |
|-------------|-------------------|---|---------------|---|
|-------------|-------------------|---|---------------|---|

Total No. of Pools \_\_\_\_\_

Grand Total \$

As of Date \_\_\_\_\_

-----

All documents held by (name of custodian) pertaining to the above Ginnie Mae mortgage pools have been released to (name of substitute custodian). The release was made to (name of individual representing substitute custodian) and was completed as of (date).

Authorized Signature, Custodial Institution \_\_\_\_\_

\_\_\_\_\_ Date

Name of Custodial Institution, ID No. \_\_\_\_\_

-----

This exhibit is provided for general information only. For specific instructions for completion, refer to Ginnie Mae 5500.3, Rev. 1, Appendix VIII-4.

## CHAPTER 8: THIRD PARTY COMPLIANCE OVERSIGHT

---

### **(A) Independent Auditors (IA)**

The Guaranty Agreement or the contractual agreement between an issuer of Ginnie Mae Mortgage-Backed Securities and Ginnie Mae requires the issuer to submit copies of its annual financial statements, audited by an independent certified public accountant or an independent public accountant (both referred to as IA), within ninety (90) days following the end of the issuer's fiscal year.

Because of its Master Custodial Agreement with an issuer, each document custodian also becomes subject to IA compliance audits so that issuer requirements are fulfilled. This IA compliance audit includes a review of the operations and records of each document custodian in accordance with the compliance tests for document custodians included in [Audit Guide Chapter 6](#). The IA report on compliance testing includes all items of noncompliance that the IA has concluded are material departures from Ginnie Mae regulations or requirements.

The annual IA examination with respect to the document custodian can be performed in either, or both, of the two methods discussed below:

- (1) Multiple Auditor Approach. A document custodian may be tested for compliance with Ginnie Mae requirements by an IA engaged by each issuer for which a Master Custodial Agreement exists. The IA contracts with an issuer, performs audit procedures on the pooled mortgage documents related to that issuer only, and issues reports based on the results of those tests. Under these circumstances, if a document custodian performs services for more than one issuer, more than one IA may audit the loan files each year.
- (2) Single Auditor Approach. One IA, engaged by the document custodian, performs one compliance review of all pooled mortgage documents held for every issuer for which a Master Custodial Agreement exists.

If an issuer uses only one document custodian, it must be reviewed every year. If an issuer uses more than one document custodian, all document custodians contracted by the issuer must be reviewed at a minimum of every three years.

A selected IA must meet certain Federal requirements

## CHAPTER 8: THIRD PARTY COMPLIANCE OVERSIGHT

---

and all work performed must comply with “Generally Accepted Government Auditing Standards.” See [Audit Guide Chapters 1, 2 and 6](#) for more detailed information.

### **(B) Compliance Review Agent (CRA)**

The Master Custodial Agreement executed between a document custodian and an issuer allows Ginnie Mae or a designee of Ginnie Mae to inspect and audit any and all records held by a document custodian relating to Ginnie Mae’s guaranty of Mortgage-Backed Securities. Ginnie Mae or its agent is responsible for the following functions:

- (1) Testing issuer and document custodian records and procedures to determine whether they conform to Ginnie Mae requirements;
- (2) Following the completion of compliance testing, corrective action letters are issued to the document custodian, with relevant portions sent to affected issuers;
- (3) Following up with document custodians and issuers to resolve reported compliance exceptions; and
- (4) Monitoring compliance with final certification and Recertification deadlines and following up as necessary when such certifications become past due.

Ginnie Mae’s designee is responsible for contacting document custodians directly and scheduling periodic on-site compliance testing visits. Document custodians are required to provide full cooperation during their compliance testing and any subsequent follow-up contacts. Compliance testing is performed for the sole benefit of Ginnie Mae and does not substitute for the required annual IA examination described earlier in this chapter. Ginnie Mae or its designee will meet with the document custodian at the end of an on-site compliance test.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

|  |      |
|--|------|
| 11702 .....                            | 9-2  |
| 11706 .....                            | 9-2  |
| 11708 .....                            | 9-3  |
| 11711B/11711A .....                    | 9-4  |
| ASSIGNMENTS .....                      | 9-5  |
| ASSUMPTIONS OR ADDITIONAL RIDERS ..... | 9-7  |
| CORPORATE RESOLUTIONS.....             | 9-7  |
| CORRECTIONS .....                      | 9-8  |
| DISASTER RECOVERY .....                | 9-8  |
| DOCUMENT CUSTODY .....                 | 9-9  |
| INSURANCE.....                         | 9-9  |
| INSURING ITEMS.....                    | 9-10 |
| LEGAL OPINIONS.....                    | 9-11 |
| MERS.....                              | 9-11 |
| MODIFICATIONS .....                    | 9-12 |
| NEW YORK CEMA .....                    | 9-12 |
| NOTES .....                            | 9-18 |
| NOTE ENDORSEMENTS.....                 | 9-19 |
| NOTARY .....                           | 9-20 |
| POWER OF ATTORNEY .....                | 9-20 |
| SECURITY INSTRUMENT.....               | 9-21 |
| SUBSTITUTIONS .....                    | 9-22 |
| TITLE POLICIES .....                   | 9-23 |

## CHAPTER 9: QUESTIONS AND ANSWERS

---

### **11702 – Form HUD11702, Resolution of Board of Directors and Certificate of Authorized Signers (Appendix I-2 of the Guide) (“form HUD11702”)**

- Q. Who is responsible for updating the form HUD11702?
- A. Ginnie Mae holds the issuer responsible for ensuring that the form HUD11702 is current and updated. The form HUD11702 is the governing document that authorizes officers of the issuer the ability to make application or transact business with Ginnie Mae.

The document custodian is required to have a copy of this document in their Issuer Master File in order to process loan certifications, note endorsements, releases, and other daily custodial duties.

### **11706 – Form HUD11706, Schedule of Pooled Mortgages (Appendix III-7 of the Guide) (“form HUD11706”)**

- Q. If the form HUD11706 needs to be corrected (e.g., wrong FHA number), who is responsible for correcting the schedule, the issuer or document custodian?
- A. It is the issuer’s responsibility. However, the issuer may authorize the document custodian to make certain corrections on the issuer’s behalf. The issuer and document custodian must agree on which corrections the document custodian will make.

It is important to note that, although the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the quality of the documents.

- Q. If an automated system is used, why is it necessary to line out paid-in-full loans?
- A. If the document custodian maintains an automated system, it is not necessary to update the schedule when loans are liquidated, provided the document custodian can provide a status report of all loans in the pool.
- Q. Does Ginnie Mae or the Pool Processing Agent have a standard procedure for notifying the issuer and/or document custodian that final certification has been completed and meets Ginnie Mae final certification requirements?
- A. Yes. The Pool Processing Agent provides the issuer with a confirmation of the receipt and acceptance of the final certification.
- Q. If the MIC mortgage amount is less than the loan amount on form HUD11706, and if a loan history is provided, must the form HUD11706 be amended to reflect the lower loan amount?
- A. No. Form HUD11706 must show the note loan amount.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. If the mortgagor's mailing address is used on the note and appears on the form HUD11706 and the MIC has the property address, can an exception letter be used to cover the various addresses?
- A. The address shown on form HUD11706 and the MIC must be the property address. The address on form HUD11706 must be corrected. An exception letter will not cover this discrepancy. The address on the note must also be corrected.
- Q. If the mortgagor's name on the form HUD11706 is different from that on the loan documents, what actions are to be taken?
- A. If the mortgagor's or co-mortgagor's name on the Schedule of Pooled mortgages is incorrect, it must be corrected. If the name on the form HUD11706 is correct, however, a notarized name affidavit will be acceptable to correct loan documents with incorrect mortgagor names. The same name affidavit may apply to various loan documents with the same name error. It is acceptable to have a notarized copy of the name affidavit in place of the original. The mortgagor's or co-mortgagor's name must be consistent on all related loan documents.
- Q. As an issuer, can I choose to send the required documents for final certification when the entire pool is completed and not flow the documents to the document custodian on a piecemeal basis?
- A. The issuer may forward the documents required for final certification of a particular loan file to the document custodian incrementally, or the issuer may wait until all the documents for that loan file have been received before forwarding the file to the document custodian. In the latter case, the issuer must forward a completed loan file to the document custodian immediately upon receipt of the last required document. The issuer may not wait until it has collected all documents relating to all loans in a pool before forwarding them to the document custodian.
- Q. Does Ginnie Mae require that the individual responsible for signing the form HUD11706 be an officer by title?
- A. Ginnie Mae requires that the person signing the form HUD11706 on behalf of the issuer be an individual named on the form HUD11702. Ginnie Mae requires that the individual signing the form HUD11706 on behalf of the document custodian be the staff member of the document custodian who performed the certification. Ginnie Mae does not require the person to be an officer of the document custodian.

### ***11708 – Form HUD11708, Request for Release of Documents (Appendix V-5) (“form HUD11708”)***

- Q. If information (e.g., the pool number) on form HUD11708 is incorrect, is it permissible for the document custodian to change or correct the pool number, or should it be sent back to the issuer for correction?
- A. Ginnie Mae has no objection to the document custodian making the correction. The issuer and document custodian must agree on any corrections the document custodian is willing to make.
- It is important to note that while the issuer may authorize the document custodian to make corrections on the documents, Ginnie Mae ultimately holds the issuer responsible for the quality of those documents.



## CHAPTER 9: QUESTIONS AND ANSWERS

---

Q. Can an issuer submit a form HUD11708 or series of forms HUD11708 to request an entire pool from the document custodian for non-liquidation reasons?

A. No. Prior Ginnie Mae approval is required if an issuer requests an entire pool back from the document custodian for non-liquidation reasons.

Issuers may only request a release from the document custodian if the loan meets the requirements of the release codes as described in Chapter 7 of the Manual. The document custodian should not release the loan file or documents unless the form HUD11708 has been properly filled out.

Q. Who is authorized to sign the form HUD11708 for the issuer?

A. Only an individual whose name and signature appears on the form HUD11702 is authorized to sign a form HUD11708.

Q. Are sub-contract servicers allowed to sign the form HUD11708?

A. Ginnie Mae's contract is with the issuer of the pools. Only an individual whose name and signature appears on the form HUD11702 is authorized to sign a form HUD11708.

Q. What should a document custodian do if a form HUD11708 is signed by an individual not listed on the form HUD11702?

A. Return the form HUD11708 to the issuer. Under no circumstances should the document or file be released to an individual not noted on the form HUD11702.

Q. What could happen if the document custodian releases files or documents to unauthorized representatives of the issuer through the use of a form HUD11708?

A. Ginnie Mae requires that the document custodian compare the form HUD11708 signatures to the form HUD11702 of the issuer. Because an issuer is ultimately responsible for the safekeeping of Ginnie Mae custodial documents at all times, Ginnie Mae holds the issuer liable for any and all losses incurred because the document custodian it has employed failed to perform its fiduciary responsibilities.

**11711B/11711A –Form HUD11711B, Certification and Agreement (Appendix III-5) (“form HUD11711B”)/ Form HUD11711A, Release of Security Interest (Appendix III-5) (“form HUD11711A”)**

Q. If an issuer uses a warehouse bank, is it necessary to use both the form HUD11711A and form HUD11711B? If the answer is yes, why are these forms shown as exceptions on the compliance review report?

A. The form HUD11711B is required for each pool. If the warehouse bank has any right, title, or interest in any of the pooled loans, it must execute a form HUD11711A. If the issuer indicates that there aren't any mortgages in the pool subject to a security interest, and subsequently has the

## CHAPTER 9: QUESTIONS AND ANSWERS

---

warehouse bank complete a form HUD11711A, exception will be taken during the compliance review. Conversely, if the issuer indicates that any loan is subject to a secured interest, and no form HUD11711A is on file, exception will be taken.

### **ASSIGNMENTS**

- Q. For assignments in jurisdictions that do not require recordation, can the issuer obtain either a blanket or master legal opinion?
- A. Yes.
- Q. Replacement of intervening assignments — What if an intervening assignment was never recorded and there is no assignment in the file? Can we obtain a new assignment and have it recorded? What does this do to the chain of title?
- A. Yes, a new assignment should be obtained and recorded. This would not affect the chain of title.
- Q. Must intervening assignments have legal descriptions? Some counties do not require a legal description.
- A. The issuer should consult with legal counsel for the requirements of the particular jurisdiction. It is the responsibility of the issuer to meet the assignment requirements of the jurisdictions for the mortgages that are pooled.
- Q. Is it acceptable for the intervening assignment to be signed by the use of facsimile signatures rather than original signatures?
- A. Only if the particular recording state/county jurisdiction allows facsimile signatures and the issuer has a corporate resolution allowing facsimile signatures.
- Q. What is the least amount of information that needs to be on intervening assignments for them to be valid assignments?
- A. The least amount of information that needs to be on valid intervening assignments would include information needed for recordation and/or valid enforcement of the assignment as determined by state/county law.
- Q. When reconciling the assignment or intervening assignments to a note which has multiple mortgagors, must every mortgagor's full name be on the assignment?
- A. Yes. If multiple mortgagor names appear on the mortgage, the names on the assignment should be the same as on the mortgage.
- Q. If loans have already been recertified and again require recertification, should the blanket assignment that crosses pools be redone?

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- A. No. If the blanket assignments were recorded, new assignments do not have to be prepared. A copy of the blanket assignment must be placed in each loan file covered by the blanket assignment. Each copy of the blanket assignment must indicate the location of the original or copy with evidence of recording (if the original has been lost or misplaced) of the recorded blanket assignment. The original or copy with evidence of recordation (if the original has been lost or misplaced) must be placed in the issuer Master File.
- Q. Is it acceptable for the intervening assignment to be recorded just before the deed of trust instead of after?
- A. No. The intervening assignment must be recorded concurrently with the deed of trust (or immediately thereafter).
- Q. XYZ Bank acquired, through merger, ABC Bank and changed their name to DEF. Because there was a merger and they actually became one and the same, are assignments required?
- A. No. Mergers do not require new assignments. A certified copy of the corporate resolution or articles of incorporation must be provided to the document custodian. The document custodian must file these documents in the related Issuer Master File
- Q. Will Ginnie Mae execute an assignment to the transferee when an assignment to Ginnie Mae has been recorded in error?
- A. No. An assignment to Ginnie Mae is intended to be used in limited circumstances, such as an event of default by an issuer. The issuer is responsible for contacting the recording jurisdiction in which the assignment was recorded, and following the proper steps to correct the recording error.
- Q. Does an assignment have to have a notary stamp/seal and/or corporate seal?
- A. The issuer should consult with legal counsel for the requirements of the particular jurisdiction. It is the responsibility of the issuer to meet the assignment requirements of the jurisdictions for the mortgages that are pooled.
- Q. Does Ginnie Mae allow an assignment to have minor changes that are not initialed?
- A. If the minor changes that are not initialed were acceptable by the state and county/local recorder's office, the changes do not need to be initialed and the assignment does not have to be re-recorded.
- Q. If a mortgage is re-recorded to correct an error, does the assignment need to be re-recorded as well?
- A. Yes. Otherwise the county land record will contain incorrect recording information.
- Q. Why does Ginnie Mae allow for copies with evidence of recording to be provided instead of the original recorded intervening assignment itself?
- A. Ginnie Mae policy allows for copies of the intervening assignment with evidence of recording only in the event the original is lost or misplaced. The issuer is providing this verification to the document
-

## CHAPTER 9: QUESTIONS AND ANSWERS

---

custodian only to comply with Ginnie Mae's certification requirements. The issuer should understand that a higher quality of paper may be needed (*i.e.*, clerk certified) in order to initiate legal action in some states and counties. In these cases, therefore, a copy may not suffice for foreclosure or other legal actions.

### **ASSUMPTION OR ADDITIONAL RIDERS**

Q. Have there been any new updates regarding the requirement of the VA assumption rider on VA loans?

A. The assumption rider is still required by VA and, therefore, by Ginnie Mae.

Q. What if a rider is missing or the box is not checked?

A. Ginnie Mae policy is as follows:

- If the rider box is checked and no rider is attached, return the document back to the issuer for correction.
- If the rider box is not checked and the rider is attached, accept the document for certification purposes. No change is required.
- If the box is not checked and documents are not attached (and the document custodian has reason to believe the document is required – *i.e.*, VA assumption rider, adjustable rate rider, condominium rider), then return the document back to the issuer for correction. A rider is required.

It is the issuer's responsibility to ensure that the closing documents comply with all federal, state and local requirements; therefore, issuers should understand that their failure to check documents for compliance could delay certification at the document custodian at a later time.

If the issuer still believes that the rider itself does not affect the enforceability of the lien or Ginnie Mae's ability to have the loan insured with FHA, VA, or RHS, then a legal opinion from a qualified third party counsel must be obtained by the issuer and reviewed by Ginnie Mae prior to certification.

### **CORPORATE RESOLUTIONS**

Q. Is it necessary to retain all past corporate resolutions regarding issuer name changes?

A. If an issuer's name change creates a chain of title problem, the current issuer must resolve the problem. The corporate resolution is one document that can provide clarification as it relates to document custodial matters.

### **CORRECTIONS**

Q. What is Ginnie Mae's position on the use of white-out? If white-out is used on a note, does it need to be initialed and, if so, by whom?

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- A. Ginnie Mae strongly discourages the use of white-out. If the correction changes the term of the note, white-out should not be used. Instead, strike out the term and correct it. The mortgagor must initial the correction.
- Q. If white-out appears or otherwise denotes changes, what data elements do not require the mortgagor's initials for the document custodian to certify documents?
- A. If the correction changes the term of the note white-out should not be used, but instead strike out the term and correct it. The mortgagor must initial the correction. Listed below are some examples which do not require a mortgagor's initial if white-out appears:
- Closing Location
  - Property Zip Code
  - Payment Address for Lender

### ***DISASTER RECOVERY***

- Q. What elements does Ginnie Mae require the document custodian to have in their disaster recovery plan?
- A. Ginnie Mae requires the document custodian to maintain a written disaster recovery plan that covers restoration of the facilities, physical recovery of the files, and backup and recovery of information from electronic tracking systems. The disaster recovery plan must document at a minimum:
1. Recovery of the electronic tracking system utilized by the document custodian (both data and reports);
  2. Relocation/restoration of the document custodial facilities to ensure the continuing ability to perform required custodial functions;
  3. Additional requirements for the testing and maintenance of the plan;
  4. Procedures for notifying both the issuer(s) and Ginnie Mae of a disaster within 24 hours of the disaster; and
  5. Certification testing which provides for the disaster recovery plan to be tested annually and acknowledged by an independent party (*i.e.*, internal audit or an Independent Auditor). Such acknowledgment must state that the test was completed successfully; or the date the successful test was completed.
- Q. In the event of a disaster, will Ginnie Mae require the issuer/document custodian to obtain lost note bonds and copies of recorded mortgages and title policies to satisfy certification guidelines?
- A. Ginnie Mae will need to review each disaster event on a case-by-case basis and will work with the issuer/document custodian to discuss document recovery requirements.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

### **DOCUMENT CUSTODY**

- Q. Do the collateral files have to be kept in pool/loan number order on the custodial vault shelf? Is it acceptable for the information to be maintained electronically and retrieved for any given request?
- A. It is acceptable for the document custodian to use a filing system which meets its needs as long as a collateral file can be readily identified and retrieved. Ginnie Mae does not require the document custodian to file the documents in pool and loan number order.
- Q. Are issuers permitted to have a selection of loans released from the document custodian and then delivered to a separate servicing company that is considering purchasing the loans in a servicing sale? If they decide not to purchase, the files would be returned to the current issuer's document custodian. These loans are potential buyouts from the Ginnie Mae pools because they are delinquent loans.
- A. No. Issuers may only request a release from the document custodian if the loan meets the requirements of the release reason codes described in Chapter 7 of the Manual. The document custodian should not release the loans until a properly executed form HUD11708 is provided. For purposes of due diligence in this instance, the company that is considering purchasing the loans may review the loan files on-site at the document custodian.

### **INSURANCE**

- Q. What are the rules regarding transit insurance?
- A. Ginnie Mae considers transit insurance to be the issuer's responsibility. Whether or not the issuer and document custodian have contractually agreed that the document custodian assume the liability for notes and documents in transit, Ginnie Mae will seek all restitution or claim with the issuer.
- Q. What additional types of insurance must the document custodian have?
- A. Appendix V-1, Chapter 2, Document Custodian Eligibility Requirements, section A(5) requires the following insurance to be held by the document custodian to indemnify Ginnie Mae against losses involving Ginnie Mae Pool and loan documents in their custody:
- a. Financial Institution Bond to include the following coverages:
    - i. Fidelity
    - ii. Premises
    - iii. In Transit
    - iv. Forgery or Alteration

## CHAPTER 9: QUESTIONS AND ANSWERS

- b. Trust Operations Errors and Omissions insurance is for document custodians holding in excess of \$500 million in Ginnie Mae Pool and loan documents

The financial institution bond must be underwritten by an insurance carrier with an A. M. Best's rating of B+ or better (or that is affiliated with Lloyds of London). The carrier must be specifically licensed or authorized by law to transact business within the states or territories in which properties securing the Pool and loan documents are located.

The loss payable endorsement must name Ginnie Mae as the loss payee, as follows:

In the event of a loss affecting the interest of the Government National mortgage Association, the Government National mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.

Coverage must be maintained in amounts that are deemed adequate for the number of notes, mortgages, and Assignments held in custody and that are deemed appropriate based on prudent business practice. The deductible should be no more than the greater of 5 percent of the document custodian's generally accepted accounting principles (GAAP) net worth or \$100,000, but in no case greater than \$10,000,000.

Q. How are mortgage notes defined for insurance purposes?

A. As negotiable instruments.

### INSURING ITEMS

Q. Can a document custodian use FHA Connection for final certification by checking the system for insurance information?

A. Yes. The document custodian has the option of utilizing information in FHA Connection to ascertain insurance of the loan, based on pooling date. Also, please refer to APM 03-26: Elimination of Third-Party Review for Insurance Status of Single-Family FHA Loans (12/18/03) or the chart below:

| Issuer and Document Custodian Requirements<br>for Evidence of Agency Insurance/Guaranty |  |   |
|---|--|---|
| Pool Issuance Date  | FHA Requirements   | VA & RHS Requirements   |
| January 1, 2003 or later  | Ginnie Mae assumes responsibility for ascertaining the existence of mortgage insurance. Document custodians may certify loans without evidence of FHA insurance.   | Ginnie Mae assumes responsibility for ascertaining the existence of guaranty. Document custodians may certify loans without evidence of guaranty. |
| Prior to January 1, 2003  | Requires one of the following: <ul style="list-style-type: none"><li>• Issuer to provide paper MIC; or</li><li>• Issuer may direct document custodian to review the duplicate MIC on the FHA Connection.</li></ul> | Ginnie Mae assumes responsibility for ascertaining the existence of guaranty. Document custodians may certify loans without evidence of guaranty. |

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. What if the loan amount on the MIC or insuring document does not match the other documents on the loan?
- A. If the principal amount shown on the MIC is less than the amount shown on the other documents by more than one dollar (\$1.00), the issuer must support the difference to the document custodian as follows: the issuer must either (a) submit a payment history showing that the remaining principal balance of the loan is less than the insured amount shown on the MIC, or (b) submit a Ginnie Mae waiver letter that clearly explains the specific reason why the two amounts differ.
- Q. Does the agency case number have to be shown on the loan documents?
- A. No. If the agency case number is shown on the loan documents it must be correct. Correction of the agency case number on the loan documents will not require the mortgagor(s) initials.

### **LEGAL OPINIONS**

- Q. Must legal opinions be issued by an outside attorney even if we have our own attorneys on staff?
- A. Legal opinions must always be from qualified outside legal counsel.
- Q. Please explain what is meant by “qualified outside legal counsel.” Also, who decides if a legal opinion is acceptable and who is qualified?
- A. Ginnie Mae relies on the issuer or document custodian to seek outside counsel that is qualified and competent to render legal opinions which cite applicable law. In cases of dispute between the issuer and document custodian, Ginnie Mae will make the final determination on the acceptability of the legal opinion rendered.

### **MERS**

- Q. Our document custodian is requiring the MERS MIN number to be listed on the intervening assignment at the time of initial certification of Ginnie Mae pools. In some instances, the MIN number is incorrect on the assignment, or it may not be present at all. XYZ Bank purchases loans from other lenders throughout the United States. The intervening assignment may have been sent to the County Recorder's office. Must an accurate MIN number be present in order for the document custodian to initially certify a Ginnie Mae pool?
- A. Please remember that the issuer may always provide the document custodian with a blanket letter (at pool level) that all loans involved in a specific pool are out for recording, therefore specific copies of the intervening assignment are not required for Initial Certification (as outlined in the Manual). Furthermore, the document custodian is not required to verify the overall accuracy of the MIN. Therefore, the issuer is obligated to ensure that all MIN numbers reported on all of the documents is correct, not the document custodian.
- Q. Does MERS eliminate the requirement to endorse the note in blank?



## CHAPTER 9: QUESTIONS AND ANSWERS

---

- A. No. MERS does not impact Ginnie Mae's requirements to endorse notes in blank when loans are pooled.
- Q. Is the MIN number required on the note?
- A. No.
- Q. Does MERS eliminate the requirement to obtain and/or record assignments?
- A. No. If the mortgage is closed with MERS as the Original mortgagee of Record (MOM), no assignment is needed. Otherwise, intervening assignments are required to be recorded, where required, and delivered to the document custodian for Final Certification or Recertification purposes.
- Q. We have questions about MERS. Who should we contact?
- A. Please feel free to contact the MERS Help Desk at 1-888-680-6377, or your Ginnie Mae Account Executive.

### **MODIFICATIONS**

- Q. Does a note Modification Agreement need to be recorded?
- A. Ginnie Mae requires recording of the note modification.
- Q. If a modification to a note was done, and it was done in error, will Ginnie Mae accept an affidavit spelling out everything that was changed that should not have been?
- A. For modified loans that have been repooled, and the documents have been recorded, the issuer must comply with the jurisdictional requirements set forth by the state and county where the document was recorded in error. All documents which demonstrate the correction of the recording error must also be provided.
- Q. What special requirements does Ginnie Mae have for modified loans that have been repooled?
- A. Ginnie Mae has no special requirements; however, the issuer must ensure that the loan has a first lien position and is enforceable in the jurisdiction in which the mortgaged property is located.

### **NEW YORK CONSOLIDATION, EXTENSION & MODIFICATION AGREEMENT – CEMA**

- Q. What specifically is a New York Consolidation, Extension & Modification Agreement ("NY CEMA")?
- A. The NY CEMA was developed for refinances instead of the traditional repayment of the old mortgage note and release of the lien (refinance).

## CHAPTER 9: QUESTIONS AND ANSWERS

---

The NY CEMA enables mortgagors with mortgages secured by property located in New York to reduce the amount of the mortgage recording tax paid in connection with the refinance. Tax on the outstanding mortgage balance would have already been paid, so the mortgage tax is waived on that amount.

Q. Does Ginnie Mae have any requirements relating to the NY CEMA?

A. Yes. Ginnie Mae's requirements for NY CEMA are as follows:

Issuers may document refinanced mortgages secured by property located in New York State by using a NY CEMA. The NY CEMA specifically joins into one set of rights and obligations all the promises and agreements stated in existing notes and mortgages secured by the mortgaged premises, including, if new funds are advanced to the mortgagor at the time of the consolidation, a new note and mortgage. The result is that the mortgagor has one consolidated loan obligation that is paid in accordance with the terms of the NY CEMA. When certifying a refinance mortgage using a NY CEMA, the issuer must use a consolidated note that must be executed by the mortgagor, which is sent on to the document custodian. The consolidated loan terms, as stated in the NY CEMA, are merely restated in the consolidated note.

Issuers originating a refinanced mortgage secured by property located in New York State for delivery to Ginnie Mae must use a current version of the New York Consolidation, Extension and Modification Agreement, Single-Family Fannie Mae/Freddie Mac Uniform Instrument (Form 3172).

If a NY CEMA is used, the issuer must deliver to the document custodian the complete NY CEMA delivery package listed below, together with a separate, originally executed consolidated note, to allow for certification and pooling.

Listed below are the documents required to be delivered to the document custodian for initial and final certification:

### **Initial Certification Documents Involving the New York CEMA**

- Separate, originally executed consolidated note;
- The NY CEMA (Original or certified copy of original submitted for recordation); and
- A complete set of NY CEMA Exhibits A through D (including a copy of the consolidated note).

### **Final Certification Documents Involving the New York CEMA**

Although Ginnie Mae will not require that the issuer deliver the original old money notes and NY CEMAs from prior consolidations and, if applicable, the original new money (gap) note during the initial certification process, the documents will be required for final certification. Therefore, if any of the older original old money notes are missing, the issuer must secure a lost note bond that is in compliance with current Ginnie Mae standards in order to certify the pool.

Q. Should I, or may I, use the New York Consolidation, Extension & Modification Agreement (NY CEMA) Form 3172 in states other than New York?

A. No. This form is designed specifically for properties located only in New York state.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

Q. What documents must be delivered to the document custodian for initial certification with a mortgage documented using Fannie Mae/Freddie Mac Form 3172, 1/01 or 1/01 (rev.5/01) New York Consolidation, and Extension & Modification Agreement?

A. The following documents must be delivered:

1. New York Consolidation, Extension and Modification (Copy) (NYCEMA) Form 3172, dated 1/01 (rev. 5/01) or most current version;
2. Consolidated note (Original);
3. Exhibit "A" (Listing of all notes & mortgages being consolidated, extended and modified);
4. Exhibit "B" (property description);
5. Exhibit "C" (Copy of the consolidated note); and
6. Exhibit "D" (copy of the consolidated mortgage).

Q. Which NY CEMA documents are required to be originals signed by the mortgagors, and which documents can be copies for initial certification?

A. The original (new money) note(s) must be original, signed by the mortgagors:

The following documents can be copies:

1. New York Consolidation, Extension and Modification (NYCEMA) Form 3172 (true and certified copy);
2. Exhibit "A" (Listing of all notes & mortgages being consolidated, extended and modified);
3. Exhibit "B" (property description);
4. Exhibit "C" (Copy of the consolidated note); and
5. Exhibit "D" (copy of the consolidated mortgage).

Q. Which NY CEMA documents are required to be originals signed by the mortgagors for final certification?

A. The following documents are required to be originals:

1. All original old money notes;
2. NY CEMA for each and every modification (A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation); and
3. Consolidated mortgages – All consolidated mortgages from each and every modification that occurred. Copies are acceptable if they clearly show evidence of recordation if the original is lost or misplaced.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

| Required Documentation  | Initial Certification  | Final Certification   |
|---|--|---|
| New York Consolidation, Extension and Modification Form (NY CEMA)<br>Form 3172, dated 1/01 (rev. 5/01)<br>or most current version | A true and certified copy  | A copy is acceptable to Ginnie Mae only if the original has been lost and if it clearly shows evidence of recordation.  |
| Consolidated note or gap (new money note)   | Original – signed by mortgagors  | Provided to Document custodian for Initial Certification  |
| Exhibit “A”   | (Listing of all notes & mortgages being consolidated, extended and modified) | Provided to Document custodian for Initial Certification  |
| Exhibit “B”   | Property description   | Provided to Document custodian for Initial Certification  |
| Exhibit “C”   | Copy of the consolidated note  | All the Original consolidated notes from each and every modification that occurred  |
| Exhibit “D”   | Copy of the consolidated mortgage  | All consolidated mortgages from each and every modification that occurred. Copies are acceptable only if the originals have been lost and if they clearly show evidence of recordation. |

- Q. Must the exhibit designations (“A”, “B”, “C” and “D”) appear at the top of each respective document?
- A. The documents should be clearly marked to denote the appropriate exhibit. Ginnie Mae has no requirement that the exhibit designations appear in a specific position on the document.
- Q. What are the applicable uniform notes to be used for NY CEMA consolidated notes?
- A. The consolidated note must be the current version of the applicable Single Family Fannie Mae/Freddie Mac Uniform note (e.g., Forms 3232, 3501, 3504, or 3514 (or whatever the permitted note form is for the type of mortgage being originated).
- Q. Is there specific language for NY CEMAs that must appear on the consolidated note, in addition to what generally appears on the uniform note?
- A. Yes. Consolidated notes dated 05/01/2001 or later must have the following language inserted at the top of the document:

## CHAPTER 9: QUESTIONS AND ANSWERS

---

### FIXED RATE NOTES:

#### Consolidated note

This note amends and restates in their entirety, and is given in substitution for, the notes described in Exhibit A of the New York Consolidation, Extension, and Modification Agreement dated the same date as this note.

### ADJUSTABLE RATE NOTES:

#### Consolidated Adjustable Rate note

This note amends and restates in their entirety, and is given in substitution for, the notes described in Exhibit A of the New York Consolidation, Extension, and Modification Agreement dated the same date as this note.

- Q. Does the new original consolidated note have to be signed?
- A. Yes. The consolidated note states the terms and conditions for repayment of the mortgagor's consolidated indebtedness; therefore, Ginnie Mae requires this to be signed.
- Q. Does the NY CEMA Exhibit "C," the copy of the consolidated note, have to be a signed copy?
- A. Yes, a copy of the signed consolidated note is required.
- Q. Should the document custodian make a copy of the note when it releases the note to the issuer for origination of a NY CEMA?
- A. The issuer should request that the initial custodial file and its contents be released as a "non-liquidation" (form HUD11708) reason code 6 during the NY CEMA process; therefore, copies are not required to be held by the document custodian. During the NY CEMA process, Ginnie Mae allows for the non-liquidation release to remain released under the following timeframes:
- Loan files or documents released to an issuer for "non-liquidation" must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue. The document custodian must notify the issuer of overdue documents every 90 days. The notification must be in writing and be documented in the inventory or file. If the new NY CEMA doesn't close, the issuer must return to the document custodian all released documents, and the document custodian must ensure that all documents that were released are returned and reinstated into their original pool.
- Consequently, if the new NY CEMA loan closes, the issuer would update the document custodian with a revised form HUD11708, changing the release code to "Paid in Full".

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. Is there a timeframe during which the document custodian must follow-up on documents released to the issuer/servicer for mortgage origination using a NY CEMA?
- A. Yes. The timeframe for release is 90 days. As stated earlier, the document custodian would not know directly of a pending CEMA release request. The issuer should exercise reasonableness and return the custodial file either when the NY CEMA process is completed or when it can be determined that the client no longer intends to proceed with the new CEMA loan. Failure to return files in a timely manner will delay final certification or recertification.
- Q. If documents are released in connection with the origination of a new mortgage for the purposes of originating a NY CEMA, what is the deadline to complete the NY CEMA process?
- A. The NY CEMA process must be completed within 180 days after the issuer receives the requested original note and assignments from the document custodian.
- All documents must be returned to the document custodian within the specified timeframe if the new mortgage is not closed.
- Q. Does the consolidated note have to be endorsed in blank?
- A. Yes.
- Q. When attempting to transmit loan data for NY CEMA loans on GinnieNET, what is the correct note Date? Is it the date of the original note, or the date of the NY CEMA?
- A. The correct date to report as the note date is the date of the NY CEMA.
- Q. Is there any required language that must be inserted in the NY CEMA when originating a NY CEMA loan with MERS as the Original mortgagee of Record?
- A. Yes. Ginnie Mae currently provides authorized language for MERS, which requires an issuer to insert the following language in the NY CEMA:

**MERS as Original Mortgagee of Record (“OMR”)** — Originators must make the following revisions to the New York Consolidation, Extension, and Modification Agreement, as indicated when a loan will be registered with Mortgage Electronic Registration Systems, Inc. (“MERS”) and the originators elect to name MERS as OMR, solely as nominee for the lender named in the security instrument and the note:

The New York Consolidation, Extension, and Modification Agreement must be revised by adding a new definition (E) as follows:

**“MERS”** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender’s successors and assigns. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. FOR PURPOSES OF RECORDING THIS MORTGAGE, MERS IS THE MORTGAGEE OF RECORD.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

**AND**, by renumbering the remaining definitions as required.

**ADDITIONALLY**, the issuer must add MERS to the signature lines at the end of the New York Consolidation, Extension, and Modification Agreement, as follows:

\_\_\_\_\_ Mortgagor \_\_\_\_\_ Lender

\_\_\_\_\_ Mortgagor \_\_\_\_\_

MortgageElectronic                      Registration  
Systems, Inc—mortgagee

- Q. An issuer inadvertently discharged the initial lien on a CEMA in error as “Paid in Full.” What, if anything, can be done?
- A. The loan itself would most likely have to be repurchased with Ginnie Mae approval as it does not comply with the requirement of a valid first lien for the full amount of the pooled loan.
- Q. What is the correct amount of the lost instrument bond needed if the original note is lost?
- A. The amount of the bond itself should be equal to the unpaid principal balance of the loan at the time of modification. The issuer should provide the document custodian with written supporting documentation to support the amount of the bond.

### NOTES

- Q. Can an erroneous FHA case number on the note be corrected?
- A. Yes. The correction does not require the mortgagor’s initials. However, Ginnie Mae does not require that the FHA case number be shown on the note.
- Q. If a signature on a note is over-signed, is a name affidavit required? Conversely, if a signature on a note is undersigned, is a name affidavit required?
- A. A copy of the notarized name affidavit is not required for over-signing, but is required for undersigning.
- Q. What are Ginnie Mae’s policies regarding the need for a name affidavit?
- A. If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of “Jr.” or “Sr.”, it is deemed acceptable. Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

Q. Does Ginnie Mae allow lost note affidavits?

A. Lost note affidavits are not acceptable according to Ginnie Mae guidelines. For lost notes, Ginnie Mae requires the issuer to obtain a lost instrument bond with limited liability in the format prescribed in the Manual.

Q. Can we accept a notary date on the note or mortgage prior to closing?

A. According to the Manual, "The notary date must be the same as the signature date; signature date may be prior to closing." For instance, if a mortgagor had to be out of town at closing, the mortgagor signed the closing documents and the signature would be notarized and dated at that time. However, the actual closing would be conducted later. The notary date should not be after the closing date.

### **NOTE ENDORSEMENTS**

Q. If an issuer wishes to use facsimile signatures to endorse notes, does Ginnie Mae need anything in advance to grant approval?

A. Ginnie Mae's approval is not required, provided that the issuer's Board of Directors, through a corporate resolution, has authorized the use of facsimile signatures and the signatures are acceptable in the relevant jurisdiction.

Q. Can an allonge or addendum be added to the note for new endorsements at the time of transfer by the document custodian?

A. Ginnie Mae will permit the use of an allonge.

In addition, issuers must ensure that the allonge is an original, clearly references the note, is enforceable in the jurisdiction in which the mortgaged property is located, and is firmly affixed to the note. The document custodian may be the party that attaches the allonge, as Ginnie Mae has no preference in this regard.

Q. I have a loan that originated with ABC Mortgage Company and was then transferred over to XYZ National Inc. The corresponding endorsement was accidentally voided, and I was wondering if I can write next to this endorsement that it was voided by mistake and sign it.

A. A legal opinion from qualified outside legal counsel stating that the note is still enforceable even with the "stamped in error" language must be provided to the document custodian. As an alternative, the issuer could ask the originating lender for an allonge, endorsing the note to the issuer of record correcting the error.



## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. Is there a policy in the Manual regarding note endorsements and assignments? Can note endorsement(s) go from original mortgagee to company "C", and the assignments go from original mortgagee to company "B", then to company "C"?
- A. Ginnie Mae requires that the chain of endorsement(s) for the note and assignments from the originator of the loan to the current issuer be complete. The note endorsement(s) can go from originator to company "C" and the assignments can go from the originator to company "B", then to company "C". Both documents have a complete chain of title, even though the two chains are not identical.
- Q. What if the date has been inserted in the blank endorsement in error?
- A. Ginnie Mae would like the document custodian to contact the issuer and inform them that they must not include the date on future endorsements, but the document custodian can process the loans for certification.
- Q. Who is allowed to endorse notes in blank to Ginnie Mae?
- A. The blank endorsement to Ginnie Mae should be signed by an individual named on the form HUD11702. The issuer must ensure that this form is updated and a copy is provided to the document custodian when changes are made.
- Q. If the title of the person signing the blank endorsement to Ginnie Mae is missing, should the note be returned to the issuer to have this information added?
- A. Yes. The note must be returned to have the title of the authorized signer included.
- Q. If a note has been endorsed in error by the issuer, can we simply white out the incorrect payee and consider the mistake corrected?
- A. No. Ginnie Mae requires that the incorrect endorsement be "voided" and initialed for the note to be considered properly endorsed.

### **NOTARY**

- Q. Can a notary also sign as a witness?
- A. Yes, as long as it is permitted by state law and the notary is not witnessing his or her own signature.

### **POWERS OF ATTORNEY**

- Q. Powers of Attorney – When are they required, at initial or final certification?
- A. Ginnie Mae does not require a Power of Attorney for certification purposes.

### **SECURITY INSTRUMENT**

- Q. Why does Ginnie Mae allow for copies with evidence of recording to be provided instead of the original recorded security instrument itself?
- A. Ginnie Mae policy allows for copies of the security instrument with evidence of recording only in the event the original is lost or misplaced. The issuer is providing this verification to the document custodian to comply with Ginnie Mae's certification requirements only. The issuer should understand that a higher quality of paper itself may be needed (*i.e.*, clerk certified) in order to initiate legal action in some states and counties; therefore, a copy may not suffice for foreclosure or other legal actions.
- Q. If the grant deed reflects "Jane Doe, a married woman as her sole and separate property", and the security instrument reflects "Jane Doe, a married woman", and the title policy reflects the correct vesting in each case. Is this allowed, or will the security instrument require re-recording?
- A. Ginnie Mae does not require the document custodian to verify the vesting information.
- Q. What are Ginnie Mae's policies regarding a name affidavit?
- A. A copy of the notarized name affidavit is required for undersigning by the mortgagor.
- Q. Please describe which kinds of typographical errors are acceptable and which types should trigger the document custodian to reject the pool?
- A. Minor obvious typographical errors that are not material and do not affect the validity or enforceability of the documents are acceptable. Please refer to the Manual for further details concerning those items that Ginnie Mae considers immaterial.
- Q. If the FHA/VA/RHS/PIH case number on the security instrument is wrong, can the issuer correct this without re-recording the security instrument?
- A. Yes. The correction does not require the mortgagor's initials.
- Q. If the security instrument of trust has been re-recorded, under what circumstances does the original assignment and/or any or all intervening assignment need to be re-recorded?
- A. If the security instrument was re-recorded because of corrections to the terms of the mortgage, the assignment must be re-recorded to account for this recording date change. It will also be necessary to obtain an endorsement to the title policy for the re-recording of the mortgage.
- Q. When is it acceptable for the notary witness date to differ from the closing date of the mortgage?
- A. The notary date must be the same as signature date; the signature date may be prior to closing.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. On the security instrument, if the legal description is correct and the physical street address is incorrect, does Ginnie Mae require that the address be corrected?
- A. Yes. The address must be corrected, but the instrument does not have to be initialed or re-recorded.
- Q. We need confirmation from Ginnie Mae that a Recorded Affidavit of Lost or Destroyed Original Document with an attached copy of the unrecorded mortgage is acceptable in lieu of the recorded original mortgage or a copy of a recorded mortgage to satisfy final certification requirements. The affidavit I have received from our issuer states the original mortgage was lost or destroyed prior to recordation. The affidavit has been recorded with a copy of the mortgage attached. Please advise if this is acceptable.
- A. If there is no recording information on the copy of the mortgage, the affidavit may or may not be valid. Ginnie Mae will require that the issuer provide a qualified third party counsel legal opinion which indicates that the document and affidavit comply with recording requirements, and are therefore enforceable.
- Q. A copy of the security instrument downloaded from the county website is acceptable as long as the recording information is on the document (*i.e.*, county, recording date, book and page). Is it acceptable even if the actual deed is stamped with “unofficial document”?
- A. Yes. A copy with evidence of recording, even if the unofficial stamp is on the document, is acceptable for certification. The issuer still may have problems in states where a “clerk-certified copy” is required for foreclosure or payoff processing.
- Q. In which instances would a security instrument contain additional mortgagors and signatures that do not appear on the note?
- A. Mortgagors that appear on the note are obligated for repayment. In some instances, spouses may not qualify to sign the note but have dower rights to the property by marriage, and therefore they can and will sign the security instrument.

### **SUBSTITUTIONS**

- Q. Why, or in what instances, would loans be substituted into a pool?
- A. If a loan is found to be defective and the defect cannot be corrected, the loan may be removed from the pool and another loan substituted, upon receipt of Ginnie Mae’s written approval.

### ***TITLE POLICIES***

- Q. Why does Ginnie Mae allow for copies of a title policy to be provided instead of the original title policy?
- A. Ginnie Mae policy allows for copies of the title policy only in the event that the original is lost or misplaced. The issuer is providing this verification to the document custodian to comply solely with Ginnie Mae's certification requirements. The issuer should understand that a higher quality of paper (*i.e.*, an original title policy itself) may be needed in order to initiate legal action in some states and counties. Therefore, a copy may not suffice for foreclosure or other legal actions.
- Q. Does the security instrument require re-recording if the grant deed reflects "Jane Doe, a married woman as her sole and separate property", and the security instrument reflects "Jane Doe, a married woman", and the title policy reflects the correct vesting in each case?
- A. No. Ginnie Mae does not require the document custodian to verify the vesting information.
- Q. Does the name of the insured clause on the title policy have to be changed each time it is sold? Does the phrase "and/or its successors..." cover the change?
- A. Yes. The phrase "and/or its successors..." covers the changes. If the title policy is a standard ALTA policy, or if the policy in the definition of the "insured" states "and/or its successors...", it is also covered.
- Q. If an abstract of title containing an attorney's opinion is sufficient in the jurisdiction, does Ginnie Mae require a title policy?
- A. No.
- Q. Does the "date of the policy" change to reflect the re-recorded mortgage?
- A. Yes. The date is brought forward to reflect re-recording of the mortgage when required.
- Q. Does the name of the lender need to be followed by the language, "its successors and/or assigns"?
- A. In the Definition of Terms section of the policy, it should mention successors and/or assigns under the definition of insured. This is sufficient for Ginnie Mae.
- Q. Many title companies routinely issue title policies that do not include the mortgage recording information. Instead, Schedule A of the policy will state "duly recorded at XYZ County" or "to be recorded at XYZ County".
- A. It is not necessary that recording information be on the title policy.

## CHAPTER 9: QUESTIONS AND ANSWERS

---

- Q. If the title policy Schedule A cites a document number 1998 074876, and the mortgage recording information has 19980074877, would this be considered critical?
- A. A new endorsement to the title policy from the title company should be obtained in order to resolve this issue. The mortgage need not be re-recorded.
- Q. In Texas, the counties have two reference dates: "Recording Date" and "Filing Date". Will the policy reference the "Date of Policy" as the filing date, rather than the recording date?
- A. The proper date would be the one that makes the title policy valid.
- Q. For modified loans that have been re-pooled, if we have a recorded modification in our custodial file that changes the terms of the original security instrument, is there a need to have the modification quoted in the title policy, since it affects the term?
- A. Yes. A title endorsement "dated down" to the original policy is required for the revised loan amount.
- Q. Could you please verify if we need title policies on HUD repos or not?
- A. Title policies are not required for HUD-Disposition or VA Vendee loans.

## CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

---

**(A) Description of Home Equity Conversion Mortgage Loan Pools (RA, RM, AL, ML and RF)**

This Chapter describes custodial requirements for the following pool types. Chapter 35 of this Guide describes the HMBS program more generally:

| Pool Type   | Ginnie Mae MBS Guide |
|---|----------------------|
| Home Equity Conversion Mortgage Loan Pools<br>– Special Requirements (HECM / HMBS)<br>RA, RM, AL, ML and RF | Chapter 35           |

In accordance with the conditions of the Master Custodial Agreement, form HUD11715 (Appendix III-4) (“form HUD11715”), and the certification required on the Schedule of Pooled Participations and Mortgages, form HUD11706H (Appendix III-28) (“form HUD11706H”) and the Guide, the Issuer must deliver the documents set forth below to the document custodian at the premises indicated on the form HUD11706H. At the discretion of the document custodian and the Issuer, documents may be delivered incrementally or after all required documents have been received for individual loan files. However, the Issuer may not collect all documents relating to an entire pool before forwarding the documents to the document custodian.

**(B) Responsibilities**

It is the document custodian’s responsibility to:

- (1) Accept the documents when delivered;
- (2) Verify that the documents relate to the loans listed on the related form HUD11706H;
- (3) Review documents for completeness and consistency in accordance with the review procedures required by this Manual and by Chapters 11, 13, and 35 of the Guide;
- (4) Notify the Issuer of any documents received that require correction or completion before certification can be made; and
- (5) Certify that the documents received satisfy the requirements of initial and final certification and, if necessary, recertification.

It is the Issuer’s responsibility to correct or resolve defects, or to provide the document custodian with adequate clarification for those defects that are not considered material. Ginnie Mae may impose sanctions on Issuers that fail to meet certification or recertification deadlines. Such sanctions may include, among others, a letter of credit intended to mitigate Ginnie Mae’s risk exposure. For an Issuer subject to sanctions, the document

custodian must indicate and attest to Ginnie Mae those loans that do not meet certification requirements.

**(C) Initial Certification:  
Non-Representations &  
Warranties (“R&W”) and  
R&W Issuers**

(1) Required Pool and Loan Level Documents

For initial certification, the document custodian must obtain from the Issuer the following properly executed pool and loan documents:

- (a) Form HUD11706H;
- (b) Certification and Agreement, form HUD11711B (Appendix III-5 of the Guide) (“form HUD11711B”). If the form HUD11711B indicates a second party interest in any pooled mortgage, at least one original Release of Security Interest, form HUD11711A (Appendix III-5 of the Guide) (“form HUD11711A”), is required. If there are no second party interests in the pooled mortgages, a form HUD11711A is not required;
- (c) The original note or other evidence of indebtedness (including documents required for modified loans) endorsed in blank and without recourse by the pooling Issuer. In all cases, the last endorsement is required to be made by the pooling Issuer in blank and without recourse. Ginnie Mae requires that the chain of endorsements from the originator of the loan to the pooling Issuer of the note be complete;
- (d) The home equity conversion loan agreement;
- (e) All recorded intervening assignments must document a complete chain of title from the originating mortgagee to the Issuer, if the Issuer did not originate the loan.

Intervening assignments must be recorded if jurisdictional law requires such recordation. At initial certification, the Issuer may use a blanket pool certification which certifies that all intervening assignments for an individual pool have been transmitted for recordation.

As an alternative to individual intervening mortgage assignments, a blanket intervening assignment is acceptable if allowed in the jurisdiction in which the mortgaged properties are located, as documented in

an opinion from qualified outside legal counsel. Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools as long as the mortgaged properties are located in the same recording jurisdiction.

- (f) The preliminary title report or title commitment.

The document custodian must complete the initial certification on *GinnieNET*. In no case may a Request for Release of Documents, form HUD11708 (Appendix V-4 of the Guide) (“form HUD11708”) substitute for a required loan document at the time the document custodian performs an initial certification. Releases can be processed after the document custodian transmits its certification to Ginnie Mae via *GinnieNET*.

### (2) Loan Documents Supporting Each Separate Participation

If items 10(C)(1)(c) through 10(C)(1)(f) have been received on a prior securitization of a participation of the related loan by the document custodian, the custodian must still verify the information in section 10(C)(3). By executing the initial certification, the document custodian is certifying that they are in possession of the previously delivered documents and the information provided therein matches to the current form HUD11706H.

In no case may a form HUD11708 substitute for a required loan document at the time the document custodian performs an initial certification.

### (3) Document Custodian Procedures – Initial Certifications

At a minimum, the document custodian is required to perform the following review procedures on the pool and loan documents to confirm their completeness and consistency. Any defects discovered based on performing the review procedures must be referred to the Issuer in a timely manner for correction.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for the acceptability (validity) of the documents.



### (a) Form HUD11706H

Submissions of the HUD11706H are only accepted through web-based GinnieNET, located on the internet at [www.ginnienet.net](http://www.ginnienet.net). Issuers are not permitted to transmit HMBS pools in any form other than through GinnieNET without prior written authorization from Ginnie Mae.

- i. Verify that the total number of loans reported on the form HUD11706H agrees with the loan files received at the time of certification or in previous transmissions.
- ii. Verify that the form HUD11706H has been completely filled out for both the Issuer and document custodian, including the Ginnie Mae unique loan identification numbers.
- iii. File the form HUD11706H in the related Pool Master File.

### (b) Form HUD11711B

- i. Verify that the pool number on the form HUD11711B agrees with the Ginnie Mae pool number on the related form HUD11706H.
- ii. Determine that one of the two boxes on the form HUD 11711B has been checked.
- iii. If the form HUD11711B indicates that there is a second-party security interest in any mortgage related to a pooled Participation, verify that there is an original executed form HUD11711A corresponding to the affected mortgage(s).
- iv. File the form HUD11711A, if required, in the Pool Master File.

If the document custodian determines, or has reason to suspect, that an Issuer's certification is incorrect, the document custodian must refuse the form HUD11711B until the certification issues have been resolved.

### (c) Promissory Note (or other evidence of indebtedness)

- i. Verify that each item listed below is the same on

both the promissory note and the related form HUD11706H:

- Borrower(s) name (all borrowers that execute the promissory note in their individual capacity must be present on the HUD11706H as borrowers);
- Property street address, city and state;
- Original interest rate (alpha and numeric);
- Verify the interest rate change date for ARMs;
- Verify the index type for ARMs;
- Verify the mortgage margin for ARMs; and
- Verify the lifetime interest rate cap for ARMs.

A note is deemed unacceptable if there are changes made to the face of the note that materially affect the terms contained therein, and these changes are not initialed by the mortgagor(s). Material changes include, for instance, changes to the interest rate or deletion of any of the mortgage covenants.

After verifying the consistency and accuracy of information on the form HUD11706H and the promissory note under Section 10(C)(3)(c)(i), the form HUD11706H will then be the source document to be used to verify information on all other documents at final certification.

- ii. Verify that each signature on the note agrees with the name typed below the signature line on which it appears. If a signature varies from the typed name, the degree of variance determines the acceptability of the document for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable.

Other acceptable variations include a mortgagor oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name

and the signed name other than the types of variances discussed above, an original copy of the notarized name affidavit must be provided.

- iii. If the note is executed by an attorney-in-fact, a copy of the power of attorney must be included in the file and should be executed prior to the date of the note. The copy of the power of attorney should be notarized and if the property address is present, verify it matches the property address on the note.
- iv. If the note is secured by a security interest in real property for which a living trust holds title, (1) verify that each trustee of the living trust signed the promissory note as trustee, (2) verify that each beneficiary (other than a contingent beneficiary) of the living trust signed the promissory note in its individual capacity as a borrower, and (3) include a copy of the trust agreement in the file.
- v. Verify that a complete chain of endorsements exists from the loan originator to the pooling Issuer. Ginnie Mae requires that the chain of endorsements from the loan originator to the pooling Issuer be complete.

The endorsement should be on the note, but should not include a date. Allonges may be used as long as they are acceptable practice in the jurisdiction in which the mortgaged property is located. The allonge must be an original, must clearly reference the note, and must be firmly affixed to the note.

The Issuer is responsible for ensuring that allonges are enforceable in the jurisdiction where the mortgaged property is located. Allonges may not be used in jurisdictions where their use is not allowed.

- vi. Verify that the endorsement in blank and without recourse was made by an authorized officer of the Issuer by comparing the signature on the endorsement to the Resolution of Board of Directors and Certificate of Authorized Signers, form HUD11702 (Appendix I-2 of the Guide) (“form HUD11702”). It is the Issuer’s responsibility to ensure that the document custodian has a current

copy of form HUD11702.

Ginnie Mae permits the use of facsimile signatures when placing endorsements on original notes and allonges, as long as the following conditions are met:

- The use of facsimile signatures is acceptable under the laws of the relevant jurisdiction in which the property is located;
  - Such signatures are not prohibited under the Issuer's corporate charter and by-laws;
  - The use of such signatures is authorized by a resolution duly enacted by the Issuer's board of directors; and
  - Such signatures must be notarized when required by jurisdictional law.
- vii. Examine the promissory note for sections requiring a notarization, acknowledgment or witness. If required, verify that such sections have been properly completed.
- viii. Verify that each rider, allonge, or addendum relates to and references the note. The note may reference the allonge, but such reference is not required. The rider, allonge or addendum must be an original if it requires a signature. If an allonge is required for a note correction, the corrective documents must be filed with the original note.
- ix. In the case of a missing note, the document custodian must request that the Issuer provide a copy of the note with original signatures by the borrower(s) and, if applicable, any trustees of the living trust, or obtain a lost instrument bond with limited liability in the form prescribed by Ginnie Mae, from an insurance or surety company. The bond must be accompanied by the appropriate power of attorney and certification as required by the insurance or surety company. The form found in Appendix I of the Document Custodian Manual as prescribed by Ginnie Mae must be used. Substitution of a different form will not be accepted. Lost note affidavits are not acceptable.
- x. Verify for any lost instrument bond with limited

liability that each item listed below has been placed on the bond:

- Name of Issuer purchasing the bond;
- Loan number from current Issuer;
- Name of original mortgagor;
- Legal address of property;
- Amount of bond;
- Name of surety or insurance company (Obligor);
- Date the bond was executed by surety or insurance company;
- Signature of representative for surety or insurance company; and
- Appropriate Power of Attorney and certification as required by surety or insurance company.

### (d) Home Equity Conversion Loan Agreement

Ginnie Mae will allow the use of a lender certified copy of the loan agreement to satisfy certification requirements.

- i. Verify that the borrower name(s) on the loan agreement match(es) the borrower name(s) on the related form HUD11706H.
- ii. Verify that each signature on the loan agreement including the exhibits agrees with the name typed below the signature line on which it appears.
- iii. Verify the lender name and a signature from the lender is present on the signature page of the loan agreement.
- iv. Verify the presence of Exhibit 1: Home Equity Conversion Mortgage Payment Plan and that each item listed below is the same on both the loan agreement and the related form HUD11706H:

- Borrower(s) name; and
  - Principal limit.
- v. Verify the presence of any additional exhibits as referenced in the body of the loan agreement, i.e. schedule of closing costs, repair rider, etc. and that those agreements properly relate to the loan agreement.

Upon the Issuer's execution of the loan agreement, if so authorized by FHA under Lender Insurance, or receipt from FHA of the certified true copy of the original loan agreement executed by FHA, the Issuer shall forward the certified true copy to the document custodian.

(e) Security Instrument Assignment(s), if applicable

If the Issuer did not originate the loan, all recorded intervening assignment(s) in the loan file must document a complete chain of title from the originating mortgagee to the Issuer.

If the loan is registered with MERS, the Issuer must provide a complete chain of intervening assignments from loan origination up to and including the assignment to MERS. If the loan was originated with MERS as the MOM, no intervening assignments will be required as long as the loan remains registered with MERS.

Prior to initial certification the Issuer must identify the loans registered with MERS.

- i. Individual Mortgage Intervening Assignment(s)
- Verify that all intervening assignments follow a complete chain of title from the original lender to the Issuer or MERS. If MERS is designated in the security instrument as the Original Mortgagee, no intervening assignments will be required as long as the loan remains registered with MERS.
  - Ginnie Mae requires a chain of assignments from the originator of the loan to the current Issuer. The assignments must be complete. The note endorsement may be from originator to company "C" and the intervening assignments may be from originator to

company “B”, then to company “C”. Both documents must have a complete chain of title, even if the two chains are not identical.

- Verify that all intervening assignments have been transmitted for recordation, if required by state law. The Issuer may generate a blanket certification for each individual pool in letter form certifying that all intervening assignments have been transmitted for recordation. Copies of the intervening assignments are not required at initial certification if the Issuer provides a blanket certification. The intervening assignments may be recorded concurrently with the security instrument or immediately thereafter. Ginnie Mae will accept marginal assignments in the margin of the security instrument if such documents are acceptable in the relevant recording jurisdiction.
- Except in the case of a living trust or life estate, verify that the mortgagor name(s) on the assignment agree(s) with the borrower name(s) on the form HUD11706H. For a HECM related to property title held in a living trust, verify that the mortgagor name(s) on the assignment match(es) (1) the name(s) of the trustee(s) for the living trust and (2) unless not necessary to create a valid first mortgage, as documented in an opinion from qualified outside legal counsel, the borrower name(s) on the form HUD11706H. For a HECM related to property title held as a life estate with future interests, verify that the mortgagor name(s) on the assignment match(es) (1) the borrower name(s) on the form HUD11706H and (2) the name(s) of any holder of any future interests in the property (remainderman or reversion) listed on the preliminary title report or commitment.
- If an intervening assignment is presented that bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) are enforceable in the jurisdiction of the mortgage. The original legal

opinion letter must be filed in the loan file.

ii. Blanket Intervening Assignment(s)

- Verify that all blanket intervening assignments have been certified by the Issuer as having been transmitted for recordation.
- Blanket intervening assignments to an Issuer can be made for mortgages in separate and distinct pools that are in the same recording jurisdiction.
- Verify that a copy of each blanket intervening assignment is maintained in each loan file to which the blanket intervening assignment applies and that a copy is maintained in the applicable Pool Master File.
- Ginnie Mae permits the use of a blanket intervening assignment certification form in lieu of making a copy of each. The certification form must be placed in each loan file where the loan was assigned on a blanket intervening assignment, and must state that the recorded original blanket intervening assignment will be held in the Pool Master File.
- If the blanket intervening assignment bears no evidence of being transmitted for recordation, it must be accompanied by an individual mortgage legal opinion from qualified outside legal counsel, which states that the blanket intervening assignment is enforceable in the jurisdiction of the mortgages. The original opinion must be filed in the applicable Issuer Master File, with a copy in each loan file to which the blanket intervening assignment applies.

(f) Preliminary Title Report or Title Commitment

Ginnie Mae will allow the use of a title insurance company certified copy or lender certified copy of the preliminary title report or title commitment to satisfy certification requirements.

- i. Verify the property address, including city and



state, is the same as on the related form HUD11706H.

- ii. Verify the mortgagor's name is listed as having title to the estate. For example, in the case of a life estate, verify that the holder of the life estate and future interests are listed as having title to the estate.
- iii. Verify the presence of the legal description.

### ***(D-1) Final Certification for Non-R&W Issuers***

The final certification deadline does not change because the current document custodian is not the custodian that issued the initial certification, nor does it change for a new document custodian following a transfer of Issuer responsibility or transfer of document custodial responsibility. If the new document custodian prepares the final certification, recertification will not be required. The document custodian must complete the final certification on GinnieNET.

A form HUD11708 with a non-liquidation release reason code may not substitute for a loan document or a promissory note at the time the document custodian reviews the loan file for final certification.

For loan documents released due to a non-liquidation reason using reason code 6, the pool can only become certified when and if all final and initial documents were present prior to the release or the Issuer has notified the document custodian that the loan has been liquidated from the related pool. It should be understood that pools will not be eligible for final certification by the document custodian when loan documents are released for any reason other than liquidation (reason code 6). If, at the time of final certification, the final document package is not present with the original note and all required documents (even though the document custodian may have initially certified the loan), certification can not be made until the file is returned and reinstated.

#### **(1) Required Documents**

Within twelve (12) months of issuance, the Issuer is required to deliver the following additional documents to the document custodian for final certification:

- (a) Original security instrument securing repayment of the indebtedness signed by the mortgagor and recorded (or, in the case of a modified loan, the original recorded security instruments, the related original

notes, the modification agreement and any required subordination agreement or title endorsement). Upon receipt of the original security instrument/modification from the recorder's office, the Issuer is required to forward it to the document custodian. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. However, the related original notes for modified loans are required.

(b) Copies of the intervening assignments are acceptable only if the originals have been lost and if they clearly show evidence of recordation, yet were not available at the time of initial certification.

(c) Mortgagee title insurance policy or other evidence of title acceptable to FHA. A copy of the mortgagee title insurance policy is acceptable only if the original has been lost.

(2) Document Custodian Procedures – Final Certifications

For each loan file, the document custodian is required to perform the following review procedures on the documents listed to confirm their completeness and consistency. Any defects discovered during the review process must be referred to the Issuer on a timely basis for correction or resolution.

It is important to note that while the Issuer may authorize the document custodian to make corrections to the documents, Ginnie Mae ultimately holds the Issuer responsible for document validity.

(a) Security Instrument

- i. Except in the case of a living trust or life estate, verify that the mortgagor name(s) on the security instrument match the borrower name(s) on the related form HUD11706H.

For a HECM related to property title held in a living trust, verify that mortgagor name(s) on the security instrument match(es) (1) the name(s) of the trustee(s) for the living trust and (2) unless not necessary to create a valid first mortgage, as documented in an opinion from qualified outside legal counsel, the borrower name(s) on the related form HUD11706H.

For a HECM related to property title held as a life estate with future interests, verify that the mortgagor name(s) on the security instrument match(es) (1) the borrower name(s) on the form HUD11706H and (2) the name(s) of any holder of any future interests in the property (remainderman or reversion) listed on the title insurance policy.

Verify that the property street address, city and state are the same on the security instrument and the form HUD11706H.

- ii. Verify that the date of the security instrument is the same as or later than the date of the promissory note.
- iii. Verify that the security instrument includes evidence of recording or filing date stamp. Ginnie Mae exempts mortgages in Hawaii and Torrens jurisdictions from this requirement for purposes of final certification due to delays in registration in those jurisdictions. Upon receipt of the original mortgage documents from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For loans in Puerto Rico, the document custodian must verify receipt of a copy of the executed mortgage documents affecting the title to the mortgage, filed with the recorder's office. The Issuer must certify that these are copies of the originals and that the original mortgage documents were registered in compliance with local jurisdictional law.

- iv. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- v. Verify that each signature on the security instrument agrees with the name typed below the signature line on which it appears.

If a signature varies from the typed name, the degree of variance determines whether the document is acceptable for certification. If the variation is a missing middle initial or the omission of "Jr." or "Sr.", it is deemed acceptable. Other acceptable variations include a mortgagor

oversigning or undersigning the document, such as the mortgagor signing either as George Allen Smith, G. A. Smith or George Smith when the typed name is George A. Smith or vice versa. If there is a contradiction between the typed name and the signed name other than the types of variances discussed above, a copy of the original notarized name affidavit must be provided.

- vi. Examine the security instrument for the completion of any required notarization, acknowledgment, or witness.
- vii. Verify that the trustee's name appears on the security instrument, if applicable.
- viii. Verify that any rider or addendum properly relates to the security instrument by confirming that the appropriate box has been checked on the security instrument. If the rider box is not checked and the rider is attached, it is acceptable for certification purposes.
- ix. Verify that any rider or addendum is recorded and that the recording information corresponds to the security instrument.
- x. Ginnie Mae will accept a copy of the recorded security instrument only if the original has been lost and the copy clearly shows evidence of recordation.

### (b) Intervening Assignments

- i. Determine that intervening security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation prior to initial certification, have been replaced at final certification with either a recorded original or a copy that clearly shows evidence of recordation.

For Hawaii and Torrens jurisdictions, the document custodian must verify receipt of a copy of the executed assignment(s) affecting the title to mortgages that were filed with the recorder's office. The Issuer must certify that these are copies of the originals submitted to the recorder's office for recordation. Upon receipt of the original

assignments from the recorder's office, the Issuer is required to forward said documents to the document custodian.

For Puerto Rico, when a security instrument is constituted to secure title conveyable by endorsement or to the bearer, the security instrument right shall be considered conveyed along with the title, without the need to notify the debtor or note the conveyance in the registry.

If the security instrument requires re-recording due to changes in its payment terms, then the intervening assignments would also require re-recording and the mortgagee title insurance policy must be brought forward ("date down" the policy) to the re-recording date.

- ii. Ginnie Mae will accept minor errors and typographical mistakes on the intervening assignments as long as the recording reference is correct. For jurisdictions where recordation is not required, the document custodian must confirm that there is a Legal Opinion related to that jurisdiction. This opinion should be maintained by the document custodian in the Issuer's Master File. The original, unrecorded assignment must be maintained in the appropriate loan file.
- iii. Ginnie Mae will accept copies of the recorded assignments only if the originals have been lost and if the copies clearly show evidence of recordation.
- iv. Ginnie Mae requires that the original recorded blanket intervening assignment be maintained in the custodial Pool Master File with copies in the individual loan files. A copy of the recorded blanket intervening assignment is acceptable only if the original has been lost and the copy clearly shows evidence of recording.

Ginnie Mae permits the use of a blanket intervening assignment certification form. The certification form must be placed in each loan file where the loan was assigned on the blanket intervening assignment along with the original or copy of the recorded blanket intervening assignment (clearly showing evidence of

recordation) maintained in the Pool Master File.

(c) Mortgage Title Insurance

- i. Verify that an original title policy, where applicable, or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B, and Conditions and Stipulations or comparable information. A countersignature is acceptable on a title policy if the policy is issued by an agent of the insuring title company. A countersignature is not required if the title policy is issued by the insuring company. It is also acceptable for the title policy to carry facsimile signatures. A copy of the complete mortgagee title insurance policy is acceptable if the original is lost.

Verify Amount of Insurance coverage for the lender, which must be equal to or greater than the maximum claim amount.

- ii. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- iii. Compare each of the following items, appearing on Schedule A of the title policy, to the security instrument:
  - Date of title insurance policy, which must be the same as or later than the recording date on the security instrument. In some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In those instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language that states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against

loss as of the date of the policy.

If a re-recording of the security instrument occurs for the purpose of altering any of the payment terms, the title insurance must be brought forward (“date down” the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor name(s) and/or property address corrections.

- iv. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
  - Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable); and
  - Trustee name(s), if applicable.
- v. Verify that the legal description on Schedule A includes either of the following:
  - A phrase that specifically references the legal description in the security instrument; or
  - A complete legal description.

Ginnie Mae requires that the legal description on Schedule A exactly matches the legal description on the security instrument.

- vi. Verify that the named insured under the title insurance policy is the name of the mortgagee. Absent the mortgagee name, the title policy definition of “insured” must include each successor in ownership and any government agency or instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must include the originating mortgagee and “its successors and/or assigns”. The policy must be accompanied by an endorsement to the Issuer as the mortgagee if the definition of “insured” did not include each ownership successor of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the

definition of “insured.”

vii. If a short form title policy is used, the following information must be verified:

- Date of title insurance policy, which must be the same as or later than the recording date on the security instrument; in some jurisdictions, however, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier. In these instances, the Issuer must supply evidence that effective coverage is provided. The policy may contain language which states that the title company insures, as of the date of the policy, against loss or damage sustained or incurred by the insurer by reason of the priority of any lien or encumbrance over the lien of the insured mortgage.

In jurisdictions where the security instrument is indexed before being recorded, the title policy must evidence effective coverage. As evidence, some title companies issue an endorsement to the title policy insuring against loss as of the date of the policy.

If a re-recording of the security instrument for the purpose of altering any of the payment terms occurs, the title insurance must be brought forward (“date down” the policy) to the re-recording date. This is not necessary in cases of misspellings or corrections of mortgagor names(s) and/or property address corrections.

- Mortgagor name(s). (Minor misspellings of mortgagors name(s) are acceptable);
- Property street address, including city and state;
- Date of security instrument; and
- Verify that the named insured under the title insurance policy is the name of the mortgagee or that the title policy definition of “insured” includes each successor in ownership and any government agency or instrumentality that is



an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.

The name of the insured must name the originating mortgagee and include "its successors and/or assigns". The policy must be accompanied by an endorsement of the policy to the Issuer as the mortgagee if the definition of "insured" did not include each successor in ownership of the indebtedness secured by the mortgage. All standard ALTA policies include each successor in ownership of the indebtedness secured by the mortgage in the definition of "insured."

- viii. If a clerk-certified Torrens certificate or an original attorney's opinion which references an abstract of title has been provided, review should proceed accordingly.

The attorney opinion or abstract of title must be dated on or after the date the mortgage was recorded.

- ix. If a master title policy is used, a copy of the certificate of title must be placed in the loan file and the review should proceed accordingly.
- x. Verify the existence of an adjustable rate or condominium endorsement to the title insurance policy if an adjustable rate and/or condominium rider is attached to the security instrument.

### ***(D-2) Final Certification for Reps & Warrants (R&W) Issuers***

An R&W Issuer's custodian may finally certify pools without receipt of the security instrument, title policy and intervening assignments ("trailing documents"). All other requirements disclosed in Section 10(D-1), and described above, must be met.

R&W Issuers must still procure the security instrument, title policy and intervening assignments, but may do so in the normal course of business. In addition, if a final certification is being performed as a result of the transfer of servicing rights to a non-R&W Issuer, then all of the requirements of Section 10(D-1) must be met. R&W Issuers are strongly encouraged to perform a review of all related trailing documents prior to submitting the documents to the custodian for fiduciary tracking and storage.

### **(E) Recertification**

Recertification procedures for a finally certified pool are required if there is a change of Issuer or document custodian responsibility. If the new document custodian prepares the final certification, recertification will not be required. See Section 10(D-1) above. The recertification is required to assure Ginnie Mae that the required intervening assignments have been recorded and filed with the document custodian. The recertification also confirms that the required loan documents have been received by the document custodian and meet Ginnie Mae's certification standards. Recertification must be performed within twelve (12) months of the pool transfer date. The document custodian must complete the recertification on GinnieNET.

#### **(1) Recertification Process – Non R&W Issuers**

The following sections describe Ginnie Mae's minimum recertification requirements for Issuers who have not entered into a R&W agreement with Ginnie Mae.

##### **a. The recertification procedures are as follows:**

- i. Reconcile all loans listed on the original form HUD11706H to the active loans listed in the Issuer's current loan trial balance and the forms HUD11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD11706H; or
- ii. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD11706H. The information provided for each loan must be the same as the information required on the front of form HUD11706H.

##### **b. Verify that the following loan documents are present:**

###### **i. Promissory Note**

- Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost instrument bond.
- Verify that the promissory note is endorsed up to the pooling Issuer in blank and without recourse.

### ii. Home Equity Conversion Loan Agreement

- Verify that the loan agreement is a lender certified copy and that all exhibits referenced in the body of the agreement are attached.

### iii. Security Instrument

- Verify that the security instrument is a recorded original or copy that clearly shows evidence of recordation, if state law requires recordation.

### iv. Intervening Assignments

- Verify that all intervening assignments are recorded originals, unless state law does not require recordation. A copy is acceptable only if the original has been lost and if it clearly shows evidence of recordation. Intervening assignments required on or before March 31, 1979, are not required to be in the custodial file in order for the recertification to be completed.
- Verify that all intervening assignments required on or after April 1, 1979, follow a complete chain of title from the original lender to the current Issuer.
- The note endorsement may, for instance, be from originator to company "C," and the intervening assignments may be from originator to company "B", then to company "C". Both documents must have a complete chain of title, even if the two chains are not identical.

### v. Mortgagee Title Insurance

- Verify the existence of an original title policy or a duplicate signed original (or countersigned) by the title company. A copy of the title insurance policy is acceptable if the original is lost.

- c. Verify that any forms HUD11708 with non-liquidation release codes are not included in active loan files and

the Pool Master File in the place of a promissory note. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost instrument bond are required.

- d. Verify that all original forms HUD11708 with liquidation codes are included with the form HUD11706H in the Pool Master File, applicable to Section 10(E)(1)(a) above.

### (2) Recertification Process – R&W Issuers

The following reflects Ginnie Mae's minimum recertification requirements for Issuers that have entered into a R&W agreement with Ginnie Mae.

- a. The recertification procedures for R&W Issuers are as follows:
  - i. Reconcile all loans listed on the original form HUD11706H to the active loans listed in the Issuer's current loan trial balance and the forms HUD11708 for any loan files that have been removed. Mortgages that have been liquidated must be noted or deleted by manually lining out the terminated loans, referring to the original schedule by attachment of the form HUD11706H; or
  - ii. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance, to the recertification form HUD11706H. The information provided for each loan must be the same as the information required on the front of form HUD11706H.
- b. Verify that the following loan documents are present:
  - i. Promissory Note
    - Verify that the promissory note, and allonge if applicable, is an original document with an original signature, or a lost instrument bond.
    - Verify that the promissory note is endorsed up to the pooling Issuer in blank and without recourse.
  - ii. Home Equity Conversion Loan Agreement

- Verify that the loan agreement is a lender certified true copy and that all exhibits referenced in the body of the agreement are attached.
- c. Verify that any forms HUD11708 with non-liquidation release codes are not included in active loan files and the Pool Master File in the place of a promissory note. In the absence of the promissory note, for purposes of recertification, all documents required for final certification plus a lost instrument bond are required.
- d. Verify that all original forms HUD11708 with liquidation codes are included with the form HUD11706H in the Pool Master File, applicable to Section 10(E)(2)(a) above.

R&W Issuers must still procure the security instrument, title policy and intervening assignments, but may do so in the normal course of business. In addition, if a recertification is being performed as a result of the transfer of servicing rights to a non-R&W Issuer, then all of the requirements of Section 10(E)(1) must be met by the seller prior to requesting a pool transfer.

### (3) Document Custodian's Recertification

Loan files that have been released for a non-liquidation reason under reason code 6 and are returned to the custodian after recertification of the pool must meet the final recertification standards for the pool. Loan files or documents released to an Issuer for a non-liquidation reason under reason code 6 must be returned to the document custodian within 90 days. When a loan file or document has been released for more than 90 days, it is overdue for return to the document custodian. The document custodian must notify the Issuer of overdue documents or loan files after 90 days. The notification must be in writing and be documented in the inventory or file. If the loan file or document is overdue by 180 days, the document custodian must notify Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), and the affected pools will be considered decertified until the loan file has been corrected.

### ***(F) Update of Legal Opinions***

All blanket legal opinions from qualified outside legal counsel must be verified or updated the earlier of every twelve (12) months or at the time of change in applicable laws. Such updated opinions will only apply to transactions that occur after the changes in law. The

## CHAPTER 10: HOME EQUITY CONVERSION MORTGAGE LOAN POOLS

---

Issuer is responsible for updating legal opinions and providing them to the document custodian.

---

---

*Appendix I*  
*Lost Instrument Bond With Limited Liability*

- Purpose: To be used for missing mortgage notes.
- Prepared by: The Issuer and insurance/surety company.
- Prepared in: Original and any copies the issuer may want to retain.
- Distribution: Submit original bond to document custodian for review and retention in document custodial loan file.
- Completion Instructions: The circled numbers on the illustrated form correspond to the numbers listed below.
1. Name of Issuer purchasing the bond.
  2. Ginnie Mae pool number.
  3. Current Issuer loan number.
  4. FHA/VA/RHS/§ 184 case number.
  5. Name of original mortgagor.
  6. Address of property.
  7. Mortgage recording information.
  8. Amount of bond (for non-HECMs, the remaining principal balance of the loan plus twenty percent; for HECMs, the Maximum Claim Amount of the loan).
  9. Name of surety or insurance company. (Obligor).
  10. Date the bond was executed by surety or insurance company.
  11. Name of surety or insurance company.
  12. Signature of representative for surety or insurance company.
- Note: (The bond must be accompanied by the appropriate power of attorney and certification as required by the insurance or surety company.)

---



---

LOST INSTRUMENT BOND WITH LIMITED LIABILITY

WHEREAS, \_\_\_\_\_ (1) is a contract servicer of mortgages collateralizing Ginnie Mae-guaranteed mortgage-backed securities in pool number \_\_\_\_\_ (2) \_\_\_\_\_ and mortgagee of record for the mortgage securing the note identified as

Issuer Loan Number \_\_\_\_\_ (3)

FHA/VA/RHS Number \_\_\_\_\_ (4)

Mortgagor \_\_\_\_\_ (5)

Address of Property \_\_\_\_\_ (6)

Mortgage Recording Information \_\_\_\_\_ (7)

Amount of Bond \_\_\_\_\_ (8)

which note has been lost, mislaid, destroyed or stolen and cannot be found or produced.

WHEREAS, Ginnie Mae is the equitable owner of said note and desires assurance that no adverse claims shall be made as to its ownership rights by reason of said note being lost, mislaid, destroyed or stolen.

\_\_\_\_\_ (9) as obligor, (insert name of surety or insurance company) its heirs, legal representatives, successors and assigns of the Obligor shall indemnify and save harmless the Government National Mortgage Association, the contract servicer of mortgages collateralizing Ginnie Mae guaranteed mortgage-backed securities or their successors or assigns (hereinafter called Obligee), from and against any and all losses, claims, actions, suits, damages, charges or expenses of any nature and character by reason of said lost, mislaid, destroyed or stolen instrument(s) being presented by a holder other than the Obligee, for partial or complete payment.

This Bond may be immediately enforced by the Obligee upon presentation of the original and/or duplicate note(s) for partial or complete payment by the mortgagor by a holder other than the Obligee.

This Bond shall be void only if the instrument(s) so lost, mislaid, destroyed or stolen be found or come into the hands of the Obligee.

Date this \_\_\_\_\_ day of \_\_\_\_\_ (10), 19\_\_\_\_\_.

\_\_\_\_\_ (11)

\_\_\_\_\_ (12)

Obligor



## CHECKLIST EXCEPTIONS

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

---



---

## ***Appendix II***

### ***Single-Family Mortgage Pool Submissions (SF, FS, BD, AQ, AR, AT, AF, AS, AX, RL, QL, TL, FL, FB, SL, XL, GP, GT, GA, GD, RA, RM, AL, ML, RF AND SN) Initial and Final Certification Checklist***

This checklist has been developed to aid in the review of pool submissions in accordance with the Document Custodian Manual and provisions in the Ginnie Mae MBS Guide Handbook 5500.3, Rev. 1. The checklist is not a substitute for the authoritative literature. The checklist is necessarily general in nature and does not purport to be complete in all respects. Document Custodians are reminded that HMBS certifications and recertifications may only be transmitted electronically through web-based GinnieNET.

#### **I. RECEIPT OF POOL FROM ISSUER**

- \_\_\_\_\_ A. Establish an individual pool master file.
- \_\_\_\_\_ B. Documents required to be maintained in the pool master file:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year and maintained the in the Issuer Master File.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages or form HUD 11706H, Schedule of Pooled Mortgages and Participations.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.
  - \_\_\_\_\_ 5. Original blanket assignments with a copy in each individual file to which the blanket applies.
  - \_\_\_\_\_ 6. Blanket opinions from qualified outside legal counsel.
  - \_\_\_\_\_ 7. Form HUD 11708, Request for Release of Documents, to be retained in the pool master file for any loan listed on form HUD 11706 that has been released. A form HUD 11708 may not substitute for required loan documents at the time of initial certification or substitute for required loan documents at the time of final certification in the case of a nonliquidation release code.

#### **II. INITIAL CERTIFICATION**

- \_\_\_\_\_ A. Minimum required pool level documents:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgage or form HUD 11706H, Schedule of Pooled Participations and Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if a second party security interest is indicated on form HUD 11711B.

---



---

B. Minimum required loan level documents:

1. Original promissory note and attachments endorsed in blank and without recourse.
2. If the Issuer did not originate the loan and the loan is not registered with MERS, all original recorded interim assignments (or Issuer written certification if originals were sent for recordation).

As an alternative to individual interim assignments, a blanket interim assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel.

3. If the loan is registered with MERS, all required interim assignments from origination of the loan to the assignment to MERS.
4. If the loan was originated with MERS as the original mortgagee (MOM), no interim assignment will be required so long as the loan remains registered with MERS.

C. Review of Documents:

1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
    - a. Verify that the Master Custodial Agreement has been filled out completely.
    - b. Verify that the Master Custodial Agreement has been signed by the Issuer and the document custodian.
    - c. Verify that the Master Custodial Agreement is dated on or before the current date.
    - d. File the Master Custodial Agreement in either the related Issuer or pool master file.
  2. Form HUD 11706, Schedule of Pooled Mortgages or form HUD 11706H, Schedule of Pooled Participations and Mortgages
    - a. Verify that the total number of loans reported in the Schedule is the same as the number of loan files received for the pool.
    - b. File the Schedule in the related pool master file.
  3. Form HUD 11711B, Certification and Agreement
    - a. Verify that the commitment number agrees with the Ginnie Mae Pool/Loan Package Number on the related form HUD 11706.
    - b. Determine that one of the two boxes on the form has been checked.
    - c. If the form HUD 11711B indicates that there is a second-party security interest in any pooled mortgage, verify that there is at least one executed form HUD 11711A.
- 
-

- 
- 
- \_\_\_\_\_ d. Verify that the form has been signed by the Issuer.
- \_\_\_\_\_ e. File the form HUD 11711B and form HUD 11711A, if required, in the related pool master file.
- \_\_\_\_\_ 4. Promissory Note
- \_\_\_\_\_ a. Verify that each item listed below is the same on both the promissory note and the related form HUD 11706, Schedule of Pooled Mortgages:
- \_\_\_\_\_ i. Mortgagor name;
- \_\_\_\_\_ ii. Principal amount (alpha and numeric);
- \_\_\_\_\_ iii. Interest rate (alpha and numeric);
- \_\_\_\_\_ iv. Monthly principal and interest payment (alpha and numeric);
- \_\_\_\_\_ v. Term of the loan (first and last payment due dates); and
- \_\_\_\_\_ vi. Property street address, city and state (if property address is included on the note);
- \_\_\_\_\_ vii. Verify the mortgage margin for ARMs;
- \_\_\_\_\_ viii. Verify the interest rate change date for ARMs;
- \_\_\_\_\_ ix. Verify the index type for ARMs;
- \_\_\_\_\_ x. Verify the interest rate cap structure ARMs, including the initial, subsequent and lifetime interest rate cap structure on the note.
- \_\_\_\_\_ b. Verify that each signature on the note agrees with the name typed below the signature line it appears on.
- \_\_\_\_\_ c. Verify that a complete chain of endorsement exists from the originator of the loan to the pooling Issuer.
- If an erroneous endorsement is discovered that interferes with the chain of title after receipt by the document custodian and cancellation of the endorsement is being proposed, the Issuer must resolve the error. If this is not possible, the Issuer's qualified outside legal counsel must review and agree with the proposed cancellation in writing.
- \_\_\_\_\_ d. Determine that the Issuer endorsement in blank and without recourse was made by a responsible officer.
- \_\_\_\_\_ e. Examine the promissory note for sections requiring a notarization, acknowledgment or witness and if so, verify it is completed.
- \_\_\_\_\_ f. Verify that each rider, allonge or addendum relates to and references the note.
- \_\_\_\_\_ g. Verify, if the note is missing, that a lost instrument bond with limited liability is present, that the lost instrument bond is in the form set forth in Appendix I, and that each item below has been filled in on, or
- 
-

\_\_\_\_\_ accompanies, the bond:

- \_\_\_\_\_ Name of Issuer purchasing the bond.
- \_\_\_\_\_ Ginnie Mae pool number.
- \_\_\_\_\_ Current Issuer loan number.
- \_\_\_\_\_ FHA/VA case number.
- \_\_\_\_\_ Name of original mortgagor.
- \_\_\_\_\_ Address of property.
- \_\_\_\_\_ Mortgage recording information.
- \_\_\_\_\_ Amount of bond (remaining principal balance of loan plus twenty percent).
- \_\_\_\_\_ Name of surety or insurance company. (Obligor)
- \_\_\_\_\_ Date the bond was executed by surety or insurance company.
- \_\_\_\_\_ Name of surety or insurance company.
- \_\_\_\_\_ Signature of representative for surety or insurance company.
- \_\_\_\_\_ Appropriate power of attorney and certification as required by surety or insurance company.

\_\_\_\_\_ 5. Security Instrument Assignments

\_\_\_\_\_ a. Individual Mortgage Interim Assignments:

- \_\_\_\_\_ i. Verify that all interim assignments follow a complete chain of title from the original lender to the current Issuer. If the security instrument is closed with MERS as nominee for the Original Mortgagee, interim assignments will not be required if the loan is registered on MERS.
- \_\_\_\_\_ ii. Verify that all interim assignments are recorded or that the Issuer has certified that the assignments have been transmitted for recordation.
- \_\_\_\_\_ iii. Verify that the mortgagor name(s) on the assignment agrees with the form HUD 11706, Schedule of Pooled Mortgages.
- \_\_\_\_\_ iv. Verify that each interim assignment is either a recorded original, clerk-certified copy or copy of the recorded assignment. If an interim assignment is presented that is not an original, a clerk-certified of an original or copy of the recorded assignment or has no evidence of recordation or evidence of being transmitted for recordation, it must be accompanied by one of the following documents:
  - \_\_\_\_\_ • A specific waiver letter from Ginnie Mae;

- 
- 
- An individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) is enforceable in the jurisdiction of the mortgage; or
  - A blanket opinion from qualified outside legal counsel that describes the acceptable format for assignments of any and all mortgages in a specific jurisdiction.

---

---

b. Blanket Interim Assignments

- 
- 
- i. Verify that all blanket interim assignments are recorded or that a copy of the assignment has been certified by the Issuer as having been transmitted for recordation.
  - ii. Verify that all blanket assignments only apply to mortgages in the same pool and the same recording jurisdiction.
  - iii. Verify that a copy of each blanket assignment is maintained in each loan file to which the blanket assignment applies and that the original is maintained in the applicable pool master file.
  - iv. If the blanket interim assignment is not a recorded original, clerk-certified copy or a copy of the recorded assignment, follow the procedures at II(C)(5)(a)(iv) above.

---

---

D. Completion of Initial Certification

- 
- 
1. The document custodian must complete the initial certification on the back of the last page of the form HUD 11706 or through GinnieNET as follows:
    - a. Date of document custodian's initial certification;
    - b. Full legal name, address and Ginnie Mae identification number of the document custodian;
    - c. Authorized signature of document custodian; and
    - d. Name and title of the officer who has signed the certification.
  2. Submit the initial certified original form HUD 11706 to the PPA (directly or through the Issuer). If the pool is submitted electronically, the document custodian must transmit the pool to the GinnieNET network.
  3. Place copy of initial certification in pool master file.

---

---

**III. FINAL CERTIFICATION**

- 
- 
- A. Within twelve (12) months of issuance, the following additional documents are required to be delivered to the document custodian by the Issuer for final certification:
    1. Original mortgages (or other security instruments) signed by the mortgagor and recorded.
    2. Recorded interim assignments that were not available for initial certification.
- 
-

- 
- 
- \_\_\_\_\_ 3. Mortgagee title insurance policy or other evidence of title acceptable to FHA, VA, RD or PIH (not required on HUD-conveyed property and VA Vendee loans).
- \_\_\_\_\_ 4. Original evidence of mortgage insurance or loan guaranty certificate signed by FHA, VA, or RD, with completion of case numbers shown on form HUD 11706, except in cases involving VA Vendee loans.
- \_\_\_\_\_ B. Review of Documents
- \_\_\_\_\_ 1. Security Instrument and Interim Assignments
- \_\_\_\_\_ a. Verify that each item listed below is the same on both the security instrument and the form HUD 11706, Schedule of Pooled Mortgages:
- \_\_\_\_\_ i. Mortgagor name;
- \_\_\_\_\_ ii. Principal amount (alpha and numeric);
- \_\_\_\_\_ iii. Term of loan (first and last payment due dates);
- \_\_\_\_\_ iv. Property street address, city and state (if property address is included on the security instrument); and
- \_\_\_\_\_ v. FHA/VA/RD/PIH case number (if the case number appears on the security instrument).
- \_\_\_\_\_ b. Determine that the date of the security instrument is the same as or later than the date of the promissory note.
- \_\_\_\_\_ c. Verify that the security instrument includes evidence of recording.
- \_\_\_\_\_ d. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- \_\_\_\_\_ e. Verify that all signatures on the security instrument properly relate to the note.
- \_\_\_\_\_ f. Examine the security instrument for the completion of any required notarization, acknowledgment of witness.
- \_\_\_\_\_ g. Verify that any rider or addendum properly relates to the security instrument.
- \_\_\_\_\_ h. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.
- \_\_\_\_\_ i. Determine that interim security instrument assignments, copies of which were certified as having been transmitted by the Issuer for recordation at initial certification, have been replaced at final certification with original assignments or clerk-certified copies of the original.
- 
-

---



---

2. Mortgagee Title Insurance (not applicable to HUD-conveyed or VA Vendee loans)

- a. Confirm that an original title policy, a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B and Conditions and Stipulations or comparable information.
- b. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- c. Compare each of the following line items, appearing on Schedule A of the title policy to the security instrument:
  - i. Date of title insurance policy, which must be the same as or later than the recording date on the security instrument; however, in some jurisdictions the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (Issuer must supply evidence that this provides effective coverage).
  - ii. Amount of insurance coverage, which must be no less than the original amount of the mortgage or the maximum mortgage amount, whichever is higher.
- d. Verify that each of the following items, appearing in the mortgage information clause to Schedule A, agrees with the security instrument:
  - i. Mortgagor name(s);
  - ii. Jurisdiction recording information;
  - iii. Trustee names(s), if applicable; and
  - iv. Principal amount.
- e. Verify that the legal description of Schedule A includes either of the following:
  - i. A phrase that specifically references the legal description in the security instrument; or
  - ii. A complete legal description.
- f. Verify that the named insured under the title insurance policy is the name of the mortgagee “and/or the Secretary of Housing and Urban Development of Washington, D.C., his successors and assigns, as their interests may appear,” consistent with HUD closing requirements, or the definition of “insurance” includes any governmental agency or an instrumentality that is an insurer or guarantor under an insurance or guaranty contract insuring or guaranteeing the indebtedness.



---

g. If the Issuer was not the originator of the mortgage, the title policy may show the original mortgagee as the insured mortgagee (see above). In that case, verify that the policy is accompanied by an endorsement of the policy to the Issuer as the mortgagee or that the definition of “insured” includes each successor in ownership of the indebtedness secured by the mortgage.

---

h. If an Torrens certificate or abstract of title has been provided, verify that a legal opinion from outside legal counsel, prepared at or after the recordation of the security instrument, has been provided which documents the acceptability of this evidence of title in the jurisdiction.

---

i. If a master title insurance policy is used, mortgagee certificate of title insurance must be placed in the related loan files.

---

### 3. FHA Mortgage Insurance

---

a. When reviewing the MIC, verify that each item listed below is the same on both the MIC and the form HUD 11706, Schedule of Pooled Mortgages:

- 
- i. FHA case number;
  - ii. Mortgagor name(s);
  - iii. Property address;
  - iv. Principal amount;
  - v. Interest rate;
  - vi. Monthly principal and interest payment; and
  - vii. Term of loan (first and last payment due dates).

---

b. Verify that the MIC has been signed by the FHA and that it includes the endorsement date.

---

c. When reviewing FHA Connection, verify that each item below is the same on both FHA Connection and Form HUD 11706, Schedule of Pooled Mortgage:

- 
- i. FHA case number;
  - ii. Mortgagor name(s);
  - iii. Property address;
  - iv. Mortgage amount;
  - v. Interest rate; and
  - vi. Endorsement date.
-

---



---

4. VA Guaranty (Not applicable to VA Vendee loans)

- a. When reviewing the LGC, verify that each item listed below is the same on both the LGC and the form HUD 11706, Schedule of Pooled Mortgages:
- i. VA case number;
  - ii. Name of veteran/mortgagor; and
  - iii. Principal amount.
- b. In the case of a physical LGC, verify that the LGC has been signed and dated by an authorized agent for the VA. In the case of a loan guaranteed via electronic means, verify by independent direct confirmation that the loan has been electronically guaranteed by VA.
- c. Verify that a percentage (%) of indebtedness guaranteed is noted on the LGC.
- d. When reviewing the TAS, verify the following:
- i. A date in the Guaranty Request field;
  - ii. In the Current Status field, "Guaranty Issued" is required for the loan to be guaranteed; and
  - iii. In the Date of Current Status, a date must be evident.

5. RD Loan Note Guaranty

- a. Verify that each item listed below is the same on both the LGC and the form HUD 11706, Schedule of Pooled Mortgages:
- i. RD case number;
  - ii. Name of mortgagor; and
  - iii. Principal amount.
- b. Verify that the Loan Note Guaranty has been signed and dated by an authorized agent for the RD.

6. PIH Indian Loan Guarantee Certificate (ILGC)

- a. Verify that each item listed below is the same on both the ILGC and the form HUD 11706, Schedule of Pooled Mortgages.
- i. § 184 case number
  - ii. Name of mortgagor(s)
  - iii. Property address
  - iv. Mortgage amount
  - v. Interest rate
- b. Verify that the ILGC has been signed by an authorized agent of the
- 
-

---

---

Assistant Secretary for Public and Indian Housing.

C. Completion of Final Certification

- \_\_\_\_\_ 1. The document custodian must complete the final certification on the back of the last page of the form HUD 11706 as follows :
- \_\_\_\_\_ a. Date of document custodian's initial certification;
- \_\_\_\_\_ b. Full legal name, address and Ginnie Mae identification number of the document custodian;
- \_\_\_\_\_ c. Authorized signature of document custodian; and
- \_\_\_\_\_ d. Name and title of the officer who has signed the certification.
- \_\_\_\_\_ 2. Submit the final certified original form HUD 11706 to the PPA (directly or through the Issuer).
3. Place a copy of the final certification in the pool master file.

---

---

**IV. CHECKLIST EXCEPTIONS**

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

This Page Intentionally Left Blank

---



---

## ***Pool Recertification Checklist***

This checklist has been developed to aid in the review of pool submissions in accordance with the Document Custodian Manual and provisions in the Ginnie Mae MBS Guide Handbook 5500.3, Rev. 1. The checklist is not a substitute for the authoritative literature. The checklist is necessarily general in nature and does not purport to be complete in all respects.

### **I. RECERTIFICATION PROCEDURES**

- A. Except for pools qualified for recertification under Section C below, for pools with an issue date less than ten years prior to the effective transfer date, the document custodian is required to perform the following review procedures on pool and loan documents to confirm their completeness and consistency:
  - 1. The recertification can be completed using one of the following methods:
    - a. Reconcile the original loans listed on the original form HUD 11706 to the active loans listed in the Issuer's current loan trial balance and the form HUD 11708's for the loan files that have been removed. Mortgages that have been satisfied must be noted or deleted by manual lining out the terminated loans. Referring to the original schedule by attachment on the form HUD 11706; or
    - b. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance to the recertification, form 11706. The information provided for each loan must be the same as the information required on the front of form HUD 11706. The list of pooled loans must represent the pool principal and the total number of mortgages reported on form HUD 11710-A, Section 1-D. "Balance this monthend" for the reporting month used. A copy of the form HUD-11710-A must be placed in the document custodian's "Pool Master File" with a copy of the certification.
  - 2. Verify that all required pool and loan documents are present and meet the required review standards detailed in Sections II(C) and III(B), if applicable, of the appropriate pool type checklist.  
  
 Form HUD 11711B, Certification and Agreement is not required for recertification if the pool was transferred to a new Issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new Issuer is required to obtain forms HUD 11711B and 11711A (if required) from the original Issuer. If forms HUD 11711B and 11711A cannot be obtained, the new Issuer must obtain a waiver letter from Ginnie Mae's Office of Mortgage-Backed Securities (see Addresses) for missing documents.
  - 3. If there has been a change in Issuer, verify that there has been an additional recorded interim assignment of the mortgage(s). (For Manufactured Home Loan pools, verify that there has been an additional recorded or perfected interim assignment of the security agreement).
  - 4. Verify that no form HUD 11708's, Request for Release of Documents, with nonliquidation release codes are included in active loan files and the pool master file in the place of a promissory note. If the pool is certified with released documents, all documents must have been received, reviewed and been found to be certifiable at the time of release by the document custodian performing the certification.
  - 5. Verify that all form HUD 11708's are included with the form HUD 11706, Schedule of Pooled Mortgages, in the pool master file.

- 
- 
- \_\_\_\_\_ 6. If there has been a change in Issuer, verify that the substitute form HUD 11706, Schedule of Pooled Mortgages, contains the name, ID number and address of the substitute Issuer.
- \_\_\_\_\_ 7. Completion of Recertification
- \_\_\_\_\_ a. The document custodian must complete the certification on the back of the last page of the form HUD 11706, Schedule of Pooled Mortgages, as follows:
- \_\_\_\_\_ i. Date of the document custodian's recertification;
- \_\_\_\_\_ ii. Full legal name and Ginnie Mae identification number of the document custodian;
- \_\_\_\_\_ iii. Document custodian's complete address;
- \_\_\_\_\_ iv. Authorized signature of document custodian; and
- \_\_\_\_\_ v. Name and title of the officer who has signed the recertification.
- \_\_\_\_\_ b. Submit the recertified form HUD 11706, Schedule of Pooled Mortgages, to the PPA (directly or through the Issuer).
- \_\_\_\_\_ c. Place a copy of the recertification in the pool master file.
- B. Except for pools qualified for recertification under Section C below, for pools with an issue date ten or more years prior to the effective transfer date, the document custodian is required to perform the following limited review procedures on pool and loan documents to confirm that all documents are accounted for and relate to the loans listed on form HUD 11706 being recertified:
1. The recertification can be completed using one of the following methods:
- a. Reconcile the original loans listed on the original Form HUD 11706 to the active loans listed in the Issuer's current loan trial balance and the Form HUD 11708's for the loan files that have been removed. Mortgages that have been satisfied must be noted or deleted by manual lining out the terminated loans. Referring to the original schedule by attachment on the form HUD 11706; or
- b. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance to the recertification form HUD 11706. The information provided for each loan must be the same as the information required on the front of form HUD 11706. The list of pooled loans must represent the pool principal and the total number of mortgages reported on form HUD 11710-A, Section 1-D. "Balance this monthend" for the reporting month used. A copy of the form HUD-11710-A must be placed in the document custodian's "Pool Master File" with a copy of the certification.
- \_\_\_\_\_ 2. Verify that all required pool and loan documents are present and meet the following minimum review standards. The pool and loan documents must reasonably satisfy Ginnie Mae's requirements for re-certifying loans listed on the related form HUD 11706.
- a. Form HUD 11711B, Certification and Agreement
- \_\_\_\_\_ • Is not required for recertification if the pool was transferred to a new Issuer and is more than three years old. If the pool is less than three years old and has been transferred, the new Issuer is required to obtain forms HUD 11711B and 11711A (if required) from the original Issuer. If forms HUD 11711B and 11711A cannot be obtained, the new Issuer must obtain a waiver letter from Ginnie Mae's Office of Mortgage-Backed Securities (see Addresses) for missing documents.
- 
-

## b. Promissory Note

- Verify that the promissory note is an original document with an original signature.
- Verify that a complete chain of endorsement exists from the originator of the loan to the pooling Issuer.
- Verify that the promissory note is endorsed in blank and without recourse.

## c. Security Instrument

- Verify that the security instrument is a recorded original or a clerk-certified copy of the recorded security instrument showing the document was recorded. A copy of the security instrument is acceptable if the original security instrument is lost and the copy clearly indicates the document has been recorded.

## d. Security Instrument Assignments

- Verify that all interim assignments are recorded originals or a clerk-certified copy. A copy of the recorded assignment is acceptable if the original recorded assignment is lost and the copy clearly indicates the document has been recorded. Interim assignments required on or before March 31, 1979 are not required to be in the custodial file in order for the recertification to be completed.
- Verify that all interim assignments required on or after April 1, 1979 follow a complete chain of title from the original lender to the current Issuer.

## e. Mortgagee Title Insurance -- (Not Applicable to HUD-Conveyed or VA Vendee Loans)

- Confirm that an original title policy or a duplicate original signed (or countersigned) by the title company. A copy of the mortgage title insurance policy is acceptable if the original is lost.
- Verify that each item listed below, appearing in the mortgage information

## f. FHA Insurance

- Verify that the MIC has been signed by the FHA and that it includes the endorsement date or verify the endorsement date in FHA Connection..

## g. Loan Guaranty status (Not Applicable to VA Vendee Loans)

- In the case of a physical LGC, verify that the LGC has been signed and dated by the VA. In the case of a loan guaranteed via electronic means, verify confirmation that the loan has been electronically guaranteed by VA. When accessing TAS, verify that "Guaranty Issued" is contained in Current Status field.

## h. RD Loan Note Guaranty Certificate

- Verify that the RD Loan Note Guaranty Certificate has been signed and dated by the RD.



- 
- 
- \_\_\_\_\_ 3. Verify that no form HUD 11708's, Request for the Release of Documents, with nonliquidation release codes are included in active loan files and the pool master file in the place of a promissory note. If a custodian certifies a pool with released documents, all documents must have been received, reviewed and been found to be certifiable at the time of release by the document custodian performing the certification.
- \_\_\_\_\_ 4. Verify that all form HUD 11708's with liquidation release codes are included with the form HUD 11706 in the pool master file, applicable to 2(a) above.
- \_\_\_\_\_ 5. If there has been a change in the Issuer, verify that the substitute form HUD 11706, Schedule of Pooled Mortgages, contains the name, ID number and signature of the substitute Issuer.
6. Completion of Recertification
- \_\_\_\_\_ a. The document custodian must complete the certification on the back of the last page of the form HUD 11706, Schedule of Pooled Mortgages, as follows:
- \_\_\_\_\_ i. Date of the document custodian's recertification;
- \_\_\_\_\_ ii. Full legal name and Ginnie Mae identification number of the document custodian;
- \_\_\_\_\_ iii. Document custodian's complete address;
- \_\_\_\_\_ iv. Authorized signature of document custodian; and
- \_\_\_\_\_ v. Name and title of the officer who has signed the recertification.
- \_\_\_\_\_ b. Submit the recertified form HUD 11706, Schedule of Pooled Mortgages, to the PPA (directly or through the Issuer).
- \_\_\_\_\_ c. Place a copy of the recertification in the pool master file.
- C. At the discretion of the Issuer, for pools and loan packages collateralized by single-family loans, the document custodian may be required to perform limited review procedures on pool and loan documents to confirm that the listed documents are accounted for and relate to the loans listed on form HUD 11706 being recertified:
1. The recertification can be completed using one of the following methods:
- a. Reconcile the original loans listed on the original form HUD 11706 to the active loans listed in the Issuer's current loan trial balance and the form HUD 11708's for the loan files that have been removed. Mortgages that have been satisfied must be noted or deleted by manual lining out the terminated loans. Referring to the original schedule by attachment of the form HUD 11706; or
- b. Attach a list of the loans remaining in the pool, per the Issuer's current trial balance to the recertification form HUD 11706. The information provided for each loan must be the same as the information required on the front of form HUD 11706. Because of assumptions, the borrower's name provided on form HUD 11706 may not agree with the loan documents. The list of pooled loans must represent the pool principal and the total number of mortgages reported on form HUD 11710-A, Section 1-D. "Balance this month-end" for the reporting month used. A copy of the form HUD 11710-A must be placed in the document custodian's "Pool Master File" with a copy of the certification.
- 
-

---



---

2. Verify that the following pool and loan documents are present:

a. Promissory Note

Verify that the promissory note is an original document with an original signature.

Verify that a complete chain of endorsements exists from the originator to the endorsement in blank.

Verify the existence of an endorsement in blank and without recourse.

b. Security Instrument

Verify that the security instrument is a recorded original or a clerk-certified copy of the recorded security instrument showing the document was recorded. A copy of the security instrument is acceptable if the original security instrument is lost and the copy clearly indicates the document has been recorded.

c. Security Instrument Assignments

Verify that all interim assignments are recorded originals or a clerk-certified copy. A copy of the recorded assignment is acceptable if the original recorded assignment is lost and the copy clearly indicates the document has been recorded. Interim assignments required on or before March 31, 1979 are not required to be in the custodial file in order for the recertification to be completed.

Verify that all interim assignments required on or after April 1, 1979 follow a complete chain of title from the original lender to the current Issuer.

d. Mortgagee Title Insurance – (Not Applicable to HUD-conveyed or VA Vendee Loans)

Verify the original title policy or a duplicate original signed (or countersigned) by the title company. A copy of the mortgage title insurance policy is acceptable if the original is lost.

e. FHA Insurance

Verify that the MIC has been signed by the FHA and that it includes the endorsement date or verify the endorsement date in FHA Connection.

f. Loan Guaranty status (Not Applicable to VA Vendee Loans )

In the case of a physical LGC, verify that the LGC has been signed and dated by the VA. In the case of a loan electronically guaranteed, verify independently by direct confirmation from VA that the loan has been electronically guaranteed. When accessing TAS, verify that “Guaranty Issued” is contained in Current Status field.

g. RD Loan Note Guarantee

Verify that the RD Loan Note Guaranty Certificate has been signed and dated by the RD.

---



---

- 
- 
- \_\_\_\_\_ 3. Verify that no form HUD 11708's, Request for Release of Documents, with non-liquidation release codes are included in active loan files and the pool master file in the place of a promissory note. If a custodian certifies a pool with released documents, all documents must have been received, reviewed and been found to be certifiable at the time of release by the document custodian performing the certification.
- \_\_\_\_\_ 4. Verify that all original form HUD 11708's with liquidation codes are included with the form HUD 11706 in the pool master file, applicable to 3(a) above.
- \_\_\_\_\_ 5. If there has been a change in Issuer, verify that the substitute form HUD 11706, Scheduled of Pooled Mortgages, contains the name, ID number and signature of the substitute Issuer.
- \_\_\_\_\_ 6. Completion of Recertification
- The document custodian must complete the certification on the back of the last page of the form HUD 11706, Scheduled of Pooled Mortgages as follows:
- \_\_\_\_\_ a. Date of the document custodian's recertification;
- \_\_\_\_\_ b. Full legal name and Ginnie Mae identification number of the document custodian;
- \_\_\_\_\_ c. Document Custodian's complete address;
- \_\_\_\_\_ d. Authorized signature of document custodian; and
- \_\_\_\_\_ e. Name and title of the officer who has signed the recertification.
- \_\_\_\_\_ 7. Submit the recertified form HUD 11706, Schedule of Pooled Mortgages, to the PPA (directly or through the Issuer).
- \_\_\_\_\_ 8. Place a copy of the recertification in the pool master file.

This Page Intentionally Left Blank

---

---

**II. CHECKLIST EXCEPTIONS**

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

This Page Intentionally Left Blank

---



---

## ***Manufactured Home Loan Pool Submissions (MH) Initial and Final Certification Checklist***

This checklist has been developed to aid in the review of pool submissions in accordance with the Document Custodian Manual and provisions in the Ginnie Mae MBS Guide Handbook 5500.3. The checklist is not a substitute for the authoritative literature. The checklist is necessarily general in nature and does not purport to be complete in all respects.

### **I. RECEIPT OF POOL FROM ISSUER**

- \_\_\_\_\_ A. Establish individual pool master file.
- \_\_\_\_\_ B. Pool documents required to be maintained in the pool master file for the life of the pool:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement . This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year and maintained in the Issuer Master File.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.
  - \_\_\_\_\_ 5. Original blanket assignments with a copy in each individual file to which the blanket applies.
  - \_\_\_\_\_ 6. Blanket opinions from qualified outside legal counsel.
  - \_\_\_\_\_ 7. Form HUD 11708, Request for Release of Documents, to be retained in the pool master file (for any loan listed on form HUD 11706 that has been released. A form HUD 11708 may not substitute for required loan documents at the time of initial certification or substitute for required loan documents at the time of final certification in the case of a nonliquidation release code.

### **II. INITIAL CERTIFICATION**

- \_\_\_\_\_ A. Minimum required pool level documents:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.

---



---

\_\_\_\_\_ B. Minimum required loan level documents:

- \_\_\_\_\_ 1. Original promissory note or financial obligation and attachments endorsed in blank and without recourse.

If the credit transaction is evidenced only by a retail installment sales contract incorporating both the obligation and the chattel security agreement, the retail installment sales contract is required to be endorsed in blank and without recourse by the Issuer

- \_\_\_\_\_ 2. Title, certificate of origin, bill of sale or other evidence of borrower ownership of the collateral.

- \_\_\_\_\_ 3. For combination manufactured home and lot loans, the promissory note or financial obligation endorsed in blank and without recourse are required for the lot loan.

- \_\_\_\_\_ 4. Original recorded or Issuer-certified interim assignments (Issuer-certified if originals were sent for recordation).

As an alternative to individual interim assignments, a blanket interim assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel.

\_\_\_\_\_ C. Review of Documents

- \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.

- \_\_\_\_\_ a. Verify that the Master Custodial Agreement has been filled out completely.

- \_\_\_\_\_ b. Verify that the Master Custodial Agreement has been signed by the Issuer and the document custodian.

- \_\_\_\_\_ c. Verify that the Master Custodial Agreement is dated on or before the current date.

- \_\_\_\_\_ d. File the Master Custodial Agreement in either the related Issuer or pool master file.

- \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages

- \_\_\_\_\_ a. Verify that the total number of loans reported in the Schedule is the same as the number of loan files received for the pool.

- \_\_\_\_\_ b. Verify that the Schedule has been signed by the Issuer.

- \_\_\_\_\_ c. Verify that the Issuer certification is dated on or before the current date.

- \_\_\_\_\_ d. File the Schedule in the related pool master file.

- \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement

- \_\_\_\_\_ a. Verify that the commitment number agrees with the Ginnie Mae Pool/Loan Package Number on the related form HUD 11706.
- 
-



- 
- 
- \_\_\_\_\_ b. Determine that one of the two boxes on the form has been checked.
- \_\_\_\_\_ c. If the form HUD 11711B indicates that there is a second-party security interest in any pooled Mortgage, verify that there is at least one executed form HUD 11711A.
- \_\_\_\_\_ d. Verify that the form has been signed by the Issuer.
- \_\_\_\_\_ e. File the form HUD 11711B and form HUD 11711A, if required, in the pool master file.
- \_\_\_\_\_ 4. Promissory Note or Obligation
- \_\_\_\_\_ a. Verify that each item listed below is the same on both the promissory note and the related form HUD 11706, Schedule of Pooled Mortgages:
- \_\_\_\_\_ i. Borrower name(s);
- \_\_\_\_\_ ii. Principal amount (alpha and numeric);
- \_\_\_\_\_ iii. Interest rate (alpha and numeric);
- \_\_\_\_\_ iv. Monthly principal and interest payment (alpha and numeric);
- \_\_\_\_\_ v. Term of the loan (first and last payment due dates); and
- \_\_\_\_\_ vi. Property street address, city and state (if property address is included on the note).
- \_\_\_\_\_ b. Verify that each signature on the note or retail installment sales contract agrees with the name typed below the signature line it appears on.
- \_\_\_\_\_ c. Verify that a complete chain of endorsement exists from the originator of the loan to the current Issuer.
- If an erroneous endorsement is discovered that interferes with the chain of title after receipt by the document custodian and cancellation of the endorsement is being proposed, the Issuer must resolve the error. If this not possible, the Issuer's qualified outside legal counsel must review and agree with the proposed cancellation in writing.
- \_\_\_\_\_ d. Determine that the Issuer endorsement in blank and without recourse was made by a responsible officer.
- \_\_\_\_\_ e. Examine the promissory note or obligation for sections requiring a notarization, acknowledgment or witness and if so, verify it is completed.
- \_\_\_\_\_ f. Verify that each rider, allonge or addendum relates to and references the note or obligation.
- \_\_\_\_\_ 5. Evidence of Borrower's Ownership
- \_\_\_\_\_ a. Verify that the date of title, certificate of origin, bill of sale or other evidence of borrower ownership is the same as or later than the date of the promissory note or retail installment sales contract; and
- 
-

- 
- 
- \_\_\_\_\_ b. Verify that the serial number or manufactured home description on the title, certificate of origin, bill of sale, or other evidence of ownership, including nontitled contents, is the same on the promissory note or retail installment sales contract.
- \_\_\_\_\_ 6. Additional Note Under Combination Manufactured Home and Lot Loans (same review procedures as indicated above under C(4)).
- \_\_\_\_\_ 7. Security Instrument Assignments
- \_\_\_\_\_ a. Individual Loan Interim Assignments:
- \_\_\_\_\_ i. Verify that all interim assignments follow a complete chain of title from the original lender to the current Issuer.
- \_\_\_\_\_ ii. Verify that all interim assignments are recorded or perfected, or that the Issuer has certified that copies of the assignments have been transmitted for recordation or perfection.
- \_\_\_\_\_ iii. Verify that the personal property described in the UCC forms is the personal property described in the note or obligation.
- \_\_\_\_\_ iv. Verify that the borrower name(s) on the assignment corresponds to the form HUD 11706, Schedule of Pooled Mortgages.
- \_\_\_\_\_ v. Verify that each interim assignment is a recorded or perfected original, or a clerk-certified copy. If an interim assignment is presented that is not an original or a clerk-certified copy of an original or has no evidence of recordation or perfection, or evidence of being transmitted for recordation or perfection, it must be accompanied by one of the following documents;
- \_\_\_\_\_ • A specific waiver letter from Ginnie Mae;
  - \_\_\_\_\_ • An individual loan legal opinion from qualified outside legal counsel that states that the assignment is enforceable in the jurisdiction of the loan; or
  - \_\_\_\_\_ • A blanket opinion from qualified outside legal counsel that describes the acceptable format for assignments of any and all mortgages in a specific jurisdiction.
- \_\_\_\_\_ b. Blanket Interim Assignments:
- \_\_\_\_\_ i. Verify that all blanket interim assignments are recorded/perfected or that a copy of the assignment has been certified by the Issuer as having been transmitted for recordation or perfection.
- \_\_\_\_\_ ii. Verify that all blanket assignments only apply to loans in the same pool and the same recording jurisdiction.
- \_\_\_\_\_ iii. Verify that a copy of each blanket assignment is maintained in each loan file to which the blanket assignment applies and that an original is maintained in the applicable pool master file.
- 
-

- 
- 
- iv. If the blanket interim assignment is not recorded/perfected original or clerk-certified copy, follow the procedures at II(C)(7)(a)(v) above.

---

D. Completion of Initial Certification

- 
1. The document custodian must complete the initial certification on the back of the last page of the form HUD 11706 as follows:
- a. Date of document custodian's initial certification;
- b. Full legal name, address, and Ginnie Mae identification number of the document custodian;
- c. Authorized signature of document custodian; and
- d. Name and title of the officer who has signed the certification.
2. Submit the initial certified original form HUD 11706 to the PPA (directly or through the Issuer).
3. Place a copy of the initial certification in the pool master file.
- 

### III. FINAL CERTIFICATION

- 
- A. Within twelve (12) months of issuance, the following additional documents are required to be delivered to the document custodian by the Issuer for final certification:

- 
1. Recorded or perfected original chattel security agreement, assignment of the financing statement, Lien on the certificate of origin, lien on the certificate of title and/or retail installment sales contract evidencing a first lien against the manufactured home and its furnishings, equipment, accessories and lot, if applicable.
2. Recorded or perfected interim assignments of the security agreement that were not available for initial certification.
3. A copy of the initial FHA insurance billing statement or other evidence indicating FHA acceptance of each pooled loan for insurance; or an LGC issued by the VA, with completion of case numbers shown on form HUD 11706.
- 

B. Review of Documents

- 
1. Security Instrument, Lien or Retail Installment Sales Contract and Interim Assignments
- a. Verify that each item listed below is the same on both the security instrument and the form 11706, Schedule of Pooled Mortgages:
- i. Borrower name(s);
- ii. Principal amount (alpha and numeric);
- iii. Dates of loan; and
- iv. FHA/VA case number (if the case number appears on the security agreement).
- 
-

- 
- 
- \_\_\_\_\_ b. Determine that the date of the security agreement is the same as or later than the date of the promissory note or obligation.
- \_\_\_\_\_ c. Verify that the security agreement, lien, or retail installment sales contract is recorded or perfected.
- \_\_\_\_\_ d. Agree the personal property described on the UCC forms to that described in the note or obligation.
- \_\_\_\_\_ e. Verify that all signatures on the security agreement properly relate to the obligation.
- \_\_\_\_\_ f. Examine the security instrument for the completion of any required notarization, acknowledgment or witness.
- \_\_\_\_\_ g. Determine that interim assignments, copies of which were certified as having been transmitted by the Issuer for recordation or perfection at the time of initial certification, have been replaced with original assignments or clerk-certified copies of the originals.
- \_\_\_\_\_ 2. FHA Billing Statement Copy or other FHA Insurance Evidence (FHA loans):
- \_\_\_\_\_ Verify that each item listed below is the same on both the FHA insurance evidence and the form HUD 11706, Schedule of Pooled Mortgages:
- \_\_\_\_\_ a. FHA case number;
- \_\_\_\_\_ b. Borrower name(s);
- \_\_\_\_\_ c. Principal amount; and
- \_\_\_\_\_ d. Term of loan (first and last payments due dates).
- \_\_\_\_\_ 3. LGC (VA loans)
- \_\_\_\_\_ a. Verify that each item listed below is the same on both the LGC and the form HUD 11725:
- \_\_\_\_\_ i. VA case number;
- \_\_\_\_\_ ii. Name of veteran/mortgagor;
- \_\_\_\_\_ iii. Principal amount;
- \_\_\_\_\_ b. In the case of a physical LGC, verify that the LGC has been signed and dated by an authorized agent for the VA. In the case of a loan electronically guaranteed, verify independent, direct confirmation that the loan has been electronically guaranteed.
- \_\_\_\_\_ c. Verify that a percentage (%) of indebtedness guaranteed is noted on the LGC.
- \_\_\_\_\_ C. Completion of Final Certification
- \_\_\_\_\_ 1. The document custodian must complete the final certification on the back of the last page of the form HUD 11706 as follows:
- 
-

- 
- 
- |       |    |   |
|-------|----|---|
| _____ | a. | Date of the document custodian's final certification;   |
| _____ | b. | Full legal name, address, and Ginnie Mae identification number of the document custodian;       |
| _____ | c. | Authorized signature of document custodian; and   |
| _____ | d. | Name and title of the officer who has signed the certification.                                 |
| _____ | 2. | Submit the final certified original form HUD 11706 to the PPA (directly or through the Issuer). |
| _____ | 3. | Place a copy of the final certification in the pool master file.                                |

This Page Intentionally Left Blank

---

---

**IV. CHECKLIST EXCEPTIONS**

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

This Page Intentionally Left Blank



---



---

## ***Construction Loan Pool Submissions (CL and CS) Certification Checklist***

This checklist has been developed to aid in the review of pool submissions in accordance with the Document Custodian Manual and provisions in the Ginnie Mae MBS Guide Handbook 5500.3. The checklist is not a substitute for the authoritative literature. The checklist is necessarily general in nature and does not purport to be complete in all respects.

### **I. RECEIPT OF POOL FROM ISSUER**

- \_\_\_\_\_ A. Establish individual pool master file.
- \_\_\_\_\_ B. Pool documents required to be maintained in the pool master file:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement . This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.
  - \_\_\_\_\_ 5. Original blanket assignments with a copy in each individual file to which the blanket applies.
  - \_\_\_\_\_ 6. Blanket opinions from qualified outside legal counsel.
  - \_\_\_\_\_ 7. Form HUD 11708, Request for Release of Documents, to be retained in the pool master file (for the life of the pool for liquidated loans). A form HUD 11708 may not substitute for required loan documents at the time of certification.

### **II. CERTIFICATION FOR INITIAL SECURITIES ISSUANCE**

- \_\_\_\_\_ A. Minimum required pool level documents:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement . This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.
- \_\_\_\_\_ B. Minimum required loan level documents:
  - \_\_\_\_\_ 1. Original note or other evidence of indebtedness, that is:
    - \_\_\_\_\_ a. endorsed for insurance by FHA, and

---

b. endorsed in blank and without recourse by the current Issuer.

The endorsement must provide a complete chain of title if the Issuer did not originate the loan.

- 
2. Original recorded or Issuer-certified interim assignments (Issuer-certified if originals were sent for recordation).

As an alternative to individual interim assignments, a blanket interim assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel.

- 
3. Original mortgage (or other security instrument) signed by the mortgagor and recorded.

- 
4. Mortgagee title insurance policy or other evidence of title acceptable to FHA.

- 
5. Duplicate original of the performance bond (dual obligee) naming Ginnie Mae as the insured party; or an assurance of completion agreement as approved by FHA, backed by either a letter of credit or cash.

- 
6. Copies of Uniform Commercial Code forms or other security documents pertaining to personalty, evidencing recordation or perfection with the appropriate office and an original assignment of such security documents to Ginnie Mae in recordable or perfectible form but unrecorded or unperfected.

- 
7. Copies of survey and surveyor's report.

- 
8. For coinsured loans, a copy of the FHA Regulatory Agreement for Multifamily Housing Projects Coinsured by HUD.

- 
9. An original Assignment of an FHA Firm Commitment to the Issuer (if any).

- 
10. An original of the Building and Loan Agreement.

- 
11. A copy of the Construction Contract.

- 
12. Such other documents as Ginnie Mae may require.

---

C. Review of Documents

- 
1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.

---

a. Verify that the Master Custodial Agreement has been filled out completely.

---

b. Verify that the Master Custodial Agreement has been signed by the Issuer and the document custodian.

---

c. Verify that the Master Custodial Agreement is dated on or before the current date.

---

d. File the Master Custodial Agreement in either the related Issuer or pool master file.

---

- 
- 
- \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages
- \_\_\_\_\_ a. Verify that the Schedule has been completed and includes the Issuer's and document custodian's Ginnie Mae identification numbers.
- \_\_\_\_\_ b. File the Schedule in the related pool master file.
- \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement
- \_\_\_\_\_ a. Verify that the commitment number agrees to the commitment number on the related form HUD 11706.
- \_\_\_\_\_ b. Determine that one of the two boxes on the form has been checked.
- \_\_\_\_\_ c. If the form HUD 11711B indicates there is a second party security interest in the pooled mortgage, verify that there is at least one executed form HUD 11711A.
- \_\_\_\_\_ d. Verify that the form has been signed by the Issuer.
- \_\_\_\_\_ e. File the form HUD 11711B and form HUD 11711A, if required, in the pool master file.
- \_\_\_\_\_ 4. Promissory Note
- \_\_\_\_\_ a. Verify that each item listed below is the same on both the promissory note and the related form HUD 11706 Schedule of Pooled Mortgages:
- \_\_\_\_\_ i. Mortgagor name(s);
- \_\_\_\_\_ ii. Principal amount (alpha and numeric);
- \_\_\_\_\_ iii. Interest rate (alpha and numeric); and
- \_\_\_\_\_ iv. FHA Project Number (form HUD 11706 case number).
- \_\_\_\_\_ b. Verify that each signature on the note agrees with the name typed below the signature line it appears on.
- \_\_\_\_\_ c. Verify that the complete chain of endorsement exists from the originator of the loan to the current Issuer.
- If an erroneous endorsement is discovered that interferes with the chain of title after receipt by the document custodian and cancellation of the endorsement is being proposed, the Issuer must resolve the error. If this is not possible, the Issuer's legal counsel must review and agree with the proposed cancellation in writing.
- \_\_\_\_\_ d. Determine that the Issuer endorsement in blank and without recourse was made by an authorized officer.
- \_\_\_\_\_ e. Examine the promissory note for sections requiring a notarization, acknowledgment or witness and, if so, verify that it is completed.
- \_\_\_\_\_ f. Verify that each rider, allonge or addendum relates to and references the note.
- 
-

- 
- 
- \_\_\_\_\_ g. Verify that the note has evidence of FHA insurance, signed by an FHA agent.

\_\_\_\_\_ 5. Security Instrument Assignments

Interim Assignments:

- \_\_\_\_\_ a. Verify that all interim assignments follow a complete chain of title from the original lender to the current Issuer.
- \_\_\_\_\_ b. Verify that the mortgagor name(s) on the assignment corresponds with the form HUD 11706, Schedule of Pooled Mortgages.
- \_\_\_\_\_ c. Verify that each interim assignment is a recorded original or clerk-certified copy. If an interim assignment is presented that is not an original or a clerk-certified copy of an original or has no evidence of recordation, or evidence of being transmitted for recordation, it must be accompanied by one of the following documents:
- \_\_\_\_\_ • A specific waiver letter from Ginnie Mae;
  - \_\_\_\_\_ • An individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) is enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the loan file; or
  - \_\_\_\_\_ • A blanket opinion from qualified outside legal counsel that describes the acceptable format for assignments of any and all mortgages in a specific jurisdiction.

\_\_\_\_\_ 6. Security Instrument and Interim Assignments

- \_\_\_\_\_ a. Verify that each item listed below is the same on both the security instrument and the form HUD 11706, Schedule of Pooled Mortgages:
- \_\_\_\_\_ i. Mortgagor name(s);
- \_\_\_\_\_ ii. Principal amount (alpha and numeric); and
- \_\_\_\_\_ iii. Term of loan (first and last payment due dates).
- \_\_\_\_\_ b. Determine that the date of the security instrument is the same as or later than the date of the promissory note.
- \_\_\_\_\_ c. Verify that the security instrument includes evidence of recording.
- \_\_\_\_\_ d. Verify that a legal description appears on the security instrument or on an attachment to the instrument.
- \_\_\_\_\_ e. Verify that all signatures on the security instrument properly relate to the note.
- \_\_\_\_\_ f. Examine the security instrument for the completion of any required notarization, acknowledgment or witness.
- \_\_\_\_\_ g. Verify that any rider or addendum properly relates to the security instrument.
- 
-

- 
- 
- \_\_\_\_\_ h. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.
- \_\_\_\_\_ 7. Mortgage Title Insurance
- \_\_\_\_\_ a. Confirm that an original title policy or a duplicate original signed (or countersigned) by the title company has been delivered and that it includes Schedules A, B and Conditions and Stipulations or comparable information.
- \_\_\_\_\_ b. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.
- \_\_\_\_\_ c. Compare each of the following items, appearing on Schedule A of the title policy, to the applicable items on the security instrument:
- \_\_\_\_\_ i. Date of title policy, which must be the same as or later than the recording date on the security instrument. However, in some jurisdictions, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (Issuer must supply evidence that this provides effective coverage); and
- \_\_\_\_\_ ii. Amount of insurance coverage, which must agree exactly to the amount on the security instrument.
- \_\_\_\_\_ d. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the security instrument.
- \_\_\_\_\_ i. Mortgagor name(s);
- \_\_\_\_\_ ii. Jurisdiction recording information;
- \_\_\_\_\_ iii. Trustee name(s), if applicable; and
- \_\_\_\_\_ iv. Principal amount.
- \_\_\_\_\_ e. Verify that a complete legal description is included on Schedule A of the title policy.
- \_\_\_\_\_ f. Verify that the title insurance policy names the Issuer as the insured or that the Issuer is otherwise insured under the policy.
- \_\_\_\_\_ g. If a Torrens certificate or abstract of title has been provided, verify that a legal opinion from qualified outside legal counsel, prepared at or after the recordation of the security instrument, has been provided that documents the acceptability of this evidence of title in the jurisdiction.
- \_\_\_\_\_ 8. Performance Bond
- \_\_\_\_\_ a. Verify that the performance bond is a duplicate original.
- \_\_\_\_\_ b. Verify that Ginnie Mae is named on the policy either by assignment or endorsement as an insured party.
- \_\_\_\_\_ c. Verify that, for any assignment, the surety has provided written consent.
- 
-

- 
- 
- \_\_\_\_\_ d. Verify that the bond will not expire prior to project acceptance (i.e., the last payment due date pursuant to the construction contract).
- \_\_\_\_\_ e. An acceptable alternative to a performance bond is an assurance of completion agreement. If used, verify that the completion agreement was approved by FHA.
- \_\_\_\_\_ 9. Uniform Commercial Code (UCC) Forms
- \_\_\_\_\_ a. Verify that UCC forms or other security instruments have evidence of recordation or perfection (filing) with the secretary of state or other appropriate office with jurisdiction.
- \_\_\_\_\_ b. Verify that personal property is identified as “all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property.”
- \_\_\_\_\_ c. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form but unrecorded or unperfected.
- \_\_\_\_\_ 10. Survey and Surveyor’s Report
- \_\_\_\_\_ a. Verify that the date of the report is no later than the date of the note.
- \_\_\_\_\_ b. Verify that the property description is the same in both the surveyor’s report and the security instrument.
- \_\_\_\_\_ c. Verify that the description of easements and encroachments is in agreement with the description in the title policy.
- \_\_\_\_\_ 11. FHA Regulatory Agreement
- \_\_\_\_\_ a. For a coinsured loan, verify the presence of a Regulatory Agreement for Multifamily Housing Projects Coinsured by HUD.
- \_\_\_\_\_ b. Verify that the Regulatory Agreement pertains to the subject project described in the security instrument.
- \_\_\_\_\_ 12. Assignment of FHA Firm Commitment (if applicable)
- \_\_\_\_\_ a. Verify that the commitment is an executed original.
- \_\_\_\_\_ b. Verify that the commitment pertains to the subject property as described in the security instrument.
- \_\_\_\_\_ 13. Building and Loan Agreement
- \_\_\_\_\_ a. Verify that the agreement is an executed original.
- \_\_\_\_\_ b. Verify that the property description is the same in both the Building and Loan Agreement and the security instrument.
- \_\_\_\_\_ 14. Construction Contract
- \_\_\_\_\_ a. Verify the presence of an executed copy.
- \_\_\_\_\_ b. Compare the construction contract to the Building and Loan Agreement
- 
-

to verify that they pertain to the same project.

15. Special Warranty Deed (required only for recertification)

- a. For a coinsured mortgage, verify that a special warranty deed is available.
- b. Verify that the special warranty deed conveys to Ginnie Mae ownership of the property underlying the mortgage, including any after-acquired title of the Issuer.
- c. Determine that the special warranty deed is in recordable form but unrecorded.

D. Document Custodian Certification

- 1. The document custodian must complete the certification on the back of form HUD 11706 as follows:
  - a. Date of the document custodian's certification;
  - b. Full legal name, address, and Ginnie Mae identification number of the document custodian;
  - c. Authorized signature of the document custodian; and
  - d. Name and title of the officer who has signed the certification.
- 2. Submit the certified original form HUD 11706 to the PPA (directly or through the Issuer).
- 3. Place a copy of the certification in the pool master file.

### III. DRAW CERTIFICATIONS

- A. After each draw, verify that the following required documents supporting separate security issuance have been received and are included in the loan file:
  - 1. A certification that disbursement has been made to the mortgagor.
  - 2. Evidence of FHA insurance, inclusive of the latest disbursement.
  - 3. Evidence of title insurance coverage, inclusive of the latest disbursement.
- B. Complete form HUD 11732, Custodian's Certification for Construction Securities, as follows to document that the document custodian is holding the above required documents. The form HUD 11732 must be:
  - 1. Signed and dated by the document custodian.
  - 2. Delivered to the Issuer for submission to Ginnie Mae.

This Page Intentionally Left Blank



---

---

**IV. CHECKLIST EXCEPTIONS**

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

This Page Intentionally Left Blank

---



---

***Project Loan Pool Submissions (PL, PN, LM and LS)***  
***Certification Checklist***

This checklist has been developed to aid in the review of pool submissions in accordance with the Document Custodian Manual and provisions in the Ginnie Mae MBS Guide Handbook 5500.3. The checklist is not a substitute for the authoritative literature. The checklist is necessarily general in nature and does not purport to be complete in all respects.

**I. RECEIPT OF POOL FROM ISSUER**

- \_\_\_\_\_ A. Establish individual pool master file.
- \_\_\_\_\_ B. Pool documents required to be maintained in the pool master file:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest if applicable.
  - \_\_\_\_\_ 5. Original blanket assignments with a copy in each individual file to which the blanket applies.
  - \_\_\_\_\_ 6. Blanket opinions from qualified outside legal counsel.
  - \_\_\_\_\_ 7. Form HUD 11708, Request for Release of Documents, to be retained in the pool master file (for the life of the pool for liquidated loans). A form HUD 11708 may not substitute for required loan documents at the time of certification.

**II. CERTIFICATION FOR SECURITIES ISSUANCE**

- \_\_\_\_\_ A. Minimum required pool level documents:
  - \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
  - \_\_\_\_\_ 2. Form HUD 11706, Schedule of Pooled Mortgages.
  - \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement.
  - \_\_\_\_\_ 4. Form HUD 11711A, Release of Security Interest, if applicable.
- \_\_\_\_\_ B. Minimum required loan level documents:
  - \_\_\_\_\_ 1. Original note or other evidence of indebtedness, that is:
    - \_\_\_\_\_ a. Endorsed for insurance by FHA, and
    - \_\_\_\_\_ b. Endorsed in blank and without recourse by the current Issuer.

- 
- 
- \_\_\_\_\_ 2. Original recorded or Issuer-certified interim assignments (Issuer-certified if originals were sent for recordation).
- As an alternative to individual interim assignments, a blanket interim assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel.
- \_\_\_\_\_ 3. Original mortgage (or other security instrument) signed by the mortgagor and recorded.
- \_\_\_\_\_ 4. Mortgagee title insurance policy or other evidence of title acceptable to FHA.
- \_\_\_\_\_ 5. Copies of Uniform Commercial Code forms or other security documents pertaining to personalty, evidencing recordation or perfection with the appropriate office, and an original assignment of such security documents to Ginnie Mae in recordable or perfectible form but unrecorded or unperfected.
- \_\_\_\_\_ 6. Copy of FHA Regulatory Agreement.
- \_\_\_\_\_ 7. For coinsured mortgages, a special warranty deed to Ginnie Mae in recordable form, but unrecorded.
- \_\_\_\_\_ 8. Such other documents as Ginnie Mae may require.
- \_\_\_\_\_ C. Review of Documents
- \_\_\_\_\_ 1. Form HUD 11715, Master Custodial Agreement. This is not required if an appropriate Master Custodial Agreement is on file with the PPA for the current calendar year.
- \_\_\_\_\_ a. Verify that the Master Custodial Agreement has been filled out completely.
- \_\_\_\_\_ b. Verify that the Master Custodial Agreement has been signed by the Issuer and the document custodian.
- \_\_\_\_\_ c. Verify that the Master Custodial Agreement is dated on or before the current date.
- \_\_\_\_\_ d. File the Master Custodial Agreement in either the related Issuer or pool master file.
- \_\_\_\_\_ 2. Form HUD 11706, Schedule of Mortgages
- \_\_\_\_\_ a. Verify that the Schedule has been completed including the Issuer's and document custodian's Ginnie Mae identification numbers.
- \_\_\_\_\_ b. Verify that the Issuer certification is dated on or before the current date.
- \_\_\_\_\_ c. File the Schedule in the related pool master file.
- \_\_\_\_\_ 3. Form HUD 11711B, Certification and Agreement
- \_\_\_\_\_ a. Verify that the commitment number agrees with the Ginnie Mae Pool/Loan Package Number on the related form HUD 11706.
- \_\_\_\_\_ b. Determine that one of the two boxes on the form has been checked.
- 
-

- 
- 
- \_\_\_\_\_ c. If the form HUD 11711B indicates that there is a second party security interest in the pooled mortgage, verify that there is at least one executed form HUD 11711A, Release of Security Interest.
- \_\_\_\_\_ d. Verify that the form has been signed by the Issuer.
- \_\_\_\_\_ e. File the form HUD 11711B and form HUD 11711A, if required, in the related pool master file.
- \_\_\_\_\_ 4. Promissory Note
- \_\_\_\_\_ a. Verify that each item listed below agrees from the promissory note to the form HUD 11706, Schedule of Mortgages:
- \_\_\_\_\_ i. Mortgagor name(s);
- \_\_\_\_\_ ii. Principal amount (alpha and numeric);
- \_\_\_\_\_ iii. Interest rate (alpha and numeric); and
- \_\_\_\_\_ iv. FHA Project Number(form HUD 11706 case number).
- \_\_\_\_\_ b. Verify that each signature on the note agrees with the name typed below the signature line it appears on.
- \_\_\_\_\_ c. Verify that the complete chain of endorsement exists from the originator of the loan to the current Issuer.
- If an erroneous endorsement is discovered that interferes with the chain of title after receipt by the document custodian and cancellation of the endorsement is being proposed, the Issuer must resolve the error. If this is not possible, the Issuer's legal counsel must review and agree with the proposed cancellation in writing.
- \_\_\_\_\_ d. Determine that the Issuer endorsement, in blank and without recourse, was made by a responsible official.
- \_\_\_\_\_ e. Examine the promissory note for sections requiring a notarization, acknowledgment or witness and if so, verify it is completed.
- \_\_\_\_\_ f. Verify that each rider, allonge or addendum relates to and references the note.
- \_\_\_\_\_ g. Verify that the note has evidence of FHA insurance, signed by and FHA agent.
- \_\_\_\_\_ 5. Security Instrument Assignments
- Interim Assignments:
- \_\_\_\_\_ a. Verify that all interim assignments follow a complete chain of title from the original lender to the current Issuer.
- \_\_\_\_\_ b. Verify that the mortgagor name(s) on the assignment corresponds with the form HUD 11706, Schedule of Mortgages.
- 
-

---

c. Verify that each interim assignment is a recorded original or clerk-certified copy. If an interim assignment is presented that is not an original or a clerk-certified copy of an original or has no evidence of recordation, or evidence of being transmitted for recordation, it must be accompanied by one of the following documents:

- A specific waiver letter from Ginnie Mae;
- An individual mortgage legal opinion from qualified outside legal counsel that states that the assignment(s) is enforceable in the jurisdiction of the mortgage. The original opinion must be filed in the loan file; or
- A blanket opinion from qualified outside legal counsel that describes the acceptable format for assignments of any and all mortgages in a specific jurisdiction.

---

6. Security Instrument and Interim Assignments

a. Verify that each item listed below is the same on both the security instrument and the form HUD 11706, Schedule of Mortgages:

- i. Mortgagor Name(s);
- ii. Principal amount (alpha and numeric); and
- iii. Term of loan (first and last payment due dates).

b. Determine that the date of the security instrument is the same as the date of the promissory note.

c. Verify that the security instrument includes evidence of recording.

d. Verify that a legal description appears on the security instrument or on an attachment to the instrument.

e. Verify that all signatures on the security instrument properly relate to the note.

f. Examine the security instrument for the completion of any required notarization, acknowledgment or witness.

g. Verify that any rider or addendum properly relates to the security instrument.

h. Verify that any rider or addendum is recorded and that the recorded information corresponds to the security instrument.

---

7. Mortgagee Title Insurance

a. Verify that an original title policy or a duplicate original signed (or countersigned) by the title company has been delivered that includes Schedules A, B and Conditions and Stipulations or comparable information.

b. Confirm that the policy has a jacket cover if the policy is invalid without a jacket cover.

---

- 
- 
- \_\_\_\_\_ c. Confirm that the amount of insurance coverage appears on Schedule A of the title policy agrees exactly to the security instrument:
- \_\_\_\_\_ i. Date of title policy, which must be the same as or later than the recording date on the security instrument. However, in some jurisdictions, the title insurance policy is delivered prior to recordation of the security instrument and may be dated earlier (Issuer must supply evidence that this provides effective coverage); and
- \_\_\_\_\_ ii. Amount of insurance coverage, which must agree exactly.
- \_\_\_\_\_ d. Verify that each item listed below, appearing in the mortgage information clause to Schedule A, agrees with the following information on the security instrument.
- \_\_\_\_\_ i. Mortgagor(s) name(s);
- \_\_\_\_\_ ii. Jurisdiction recording information;
- \_\_\_\_\_ iii. Trustee(s) name(s), if applicable; and
- \_\_\_\_\_ iv. Principal amount.
- \_\_\_\_\_ e. Verify that the legal description is included on Schedule A includes either of the following:
- \_\_\_\_\_ • A phrase which specifically references the legal description in the security instrument; or
- \_\_\_\_\_ • A complete legal description.
- Minor differences may exist between the legal description on the security instrument and on the title policy. The document custodian must determine that these documents refer to the same property.
- \_\_\_\_\_ f. Verify that the title insurance policy names the Issuer as the insured or that the Issuer is otherwise insured under the policy.
- \_\_\_\_\_ g. If a clerk-certified torrens certificate or an original attorney's opinion which references an abstract of title has been provided, procedures 8 d, e and f above should be modified appropriately. Attorney opinions or abstract of title must be dated on or after the date the mortgage was recorded.
- \_\_\_\_\_ 8. Uniform Commercial Code (UCC) Forms
- \_\_\_\_\_ a. Verify that UCC forms or other security instruments have evidence of recordation or perfection with the secretary of state or other appropriate office with jurisdiction.
- \_\_\_\_\_ b. Verify that personal property is identified as "all articles of personal property owned by the mortgagor now or later attached to or used on or about the mortgaged property."
- \_\_\_\_\_ c. Verify that there is an assignment to Ginnie Mae of the UCC forms in recordable or perfectible form, but unrecorded or unperfected.
- 
-

- 
- 
- \_\_\_\_\_ 9.     FHA Regulatory Agreement
- \_\_\_\_\_     a.     For a coinsured loan, verify the presence of a Regulatory Agreement for Multifamily Housing Projects Coinsured by HUD.
- \_\_\_\_\_     b.     Verify that the Agreement pertains to the subject project described in the security instrument.
- \_\_\_\_\_ 10.    Assignment of FHA Firm Commitment ( required for modified or mature loans)
- \_\_\_\_\_     a.     Verify that the commitment is an executed original.
- \_\_\_\_\_     b.     Verify that the commitment pertains to the subject property as described in the security instrument.
- \_\_\_\_\_ 11.    Special Warranty Deed
- \_\_\_\_\_     a.     For a coinsured mortgage, verify that a special warranty deed is available.
- \_\_\_\_\_     b.     Verify that the special warranty deed conveys to Ginnie Mae ownership of the property underlying the mortgage, including any after-acquired title of the Issuer.
- \_\_\_\_\_     c.     Determine that the special warranty deed is in recordable form but unrecorded.
- \_\_\_\_\_ D.     Document Custodian Certification
- \_\_\_\_\_     1.     The document custodian must complete the certification notary acknowledgment on the back of form HUD 11706 as follows:
- \_\_\_\_\_         a.     Date of the document custodian's certification;
- \_\_\_\_\_         b.     Full legal name, address, and Ginnie Mae identification number of the document custodian;
- \_\_\_\_\_         c.     Authorized signature of the document custodian; and
- \_\_\_\_\_         d.     Name and title of the officer who has signed the certification.
- \_\_\_\_\_     2.     Submit the certified original form HUD 11706 to the PPA (directly or through the Issuer).
- \_\_\_\_\_     3.     Place a copy of the certification in the pool master file.
- 
-



This Page Intentionally Left Blank

---

---

**III. CHECKLIST EXCEPTIONS**

| Description | Resolution and/or Reference<br>to Supporting Schedules |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |

Prepared by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

This Page Intentionally Left Blank

### ***Appendix III***

#### ***Acceptable Alternate Documents***

This listing has been developed to aid in the review of pool submissions. The listing is not a substitute for legal guidance. The checklist is necessarily general in nature and does not purport to be complete in all respects.

| Required Document   | Acceptable Alternate Document  |
|---|--|
| <b>Promissory Note</b>  |  |
| Original Signed Note  | <ul style="list-style-type: none"> <li>◆ Lost Instrument Bond (Lost Note Affidavit is not acceptable)</li> </ul>   |
| <b>Security Instrument</b>  |  |
| Original Recorded Security Instrument                                   | <ul style="list-style-type: none"> <li>◆ Clerk-certified Copy of recorded Security Instrument, or</li> <li>◆ Copy of recorded instrument</li> </ul>  |
| <b>Interim Assignments from Seller to Purchase</b>                      |  |
| Original Interim Recorded Assignments                                   | <ul style="list-style-type: none"> <li>◆ Clerk-Certified Copy of recorded Assignment,</li> <li>◆ Title Policy showing recording information of Assignment(s), or</li> <li>◆ Copy of recorded assignment</li> <li>◆ Endorsement to title policy insuring the missing Interim Assignment</li> </ul>                |
| <b>Unrecorded Assignment to Ginnie Mae</b>                              |  |
| Original Unrecorded Assignment to Ginnie Mae                            | <ul style="list-style-type: none"> <li>◆ Issuer must prepared new assignment</li> </ul>  |
| <b>Insurance or Guaranty Certificate or Loan Note Guaranty</b>          |  |
| Original Signed Insurance or Guaranty Certificate or Loan Note Guaranty | <ul style="list-style-type: none"> <li>◆ Duplicate Original</li> </ul>   |
| <b>Title Insurance Policy</b>   |  |
| Original Signed Title Insurance Policy                                  | <ul style="list-style-type: none"> <li>◆ Master Certificate of Title, or</li> <li>◆ Duplicate Original of Title Policy, or</li> <li>◆ Abstract of Title with attorney's final opinion,</li> <li>◆ Certified True Copy of Title Policy with original signature, or</li> <li>◆ Copy of original policy,</li> </ul> |