

## **CHAPTER 11. ISSUER RESPONSIBILITIES RELATED TO POOL AND LOAN PACKAGE CERTIFICATION**

### **PART 1. OVERVIEW OF CHAPTER**

*Effective Date: 2024-09-06*

This chapter outlines the responsibilities of Issuers related to the Initial Certification, Final Certification, and Recertification of pools of loans or loan packages used as collateral for any MBS guaranteed by Ginnie Mae (“MBS Program Pools”).

This Chapter also describes other policies governing the certification of MBS Program Pools. The specific procedures required to complete the various certifications referenced in this Chapter are further described in the Document Custody Manual, Appendix V-01 of this Guide.

The Digital Collateral Guide, Appendix V-07 to this Guide provides the certification requirements for digital pools and loan packages.

### **PART 2. REQUIREMENT FOR MASTER CUSTODIAL AGREEMENT WITH APPROVED DOCUMENT CUSTODIAN**

#### **Section A. General Requirement**

*Effective Date: 2017-01-06*

Documents relating to the pooled mortgages and pooled Participations must be held by an Approved Document Custodian on Ginnie Mae's behalf for the life of the pool or loan package. Each Issuer is required to arrange, prior to submission of a pool or loan package for processing, for a Document Custodian to provide custodial and pool certification services by entering into a Master Custodial Agreement, Form HUD-11715, with an eligible institution. The Master Custodial Agreement together with this Guide, including the Document Custody Manual (“the Manual”), set forth the responsibilities of both the Issuer and the Document Custodian concerning the pool certification, documentation, and safekeeping requirements applicable to each pool and loan package.

#### **Section B. Renewal Requirements**

*Effective Date: 2017-01-06*

The Master Custodial Agreement, Form HUD-11715, between each Issuer and Document Custodian must be renewed each year in accordance with “Part B. The Master Custodial Agreement” in Chapter 1 of the Document Custody Manual. Issuers are responsible for the timely execution and submission of such renewals.

### **PART 3. INITIAL CERTIFICATION REQUIREMENT**

#### **Section A. General Requirement**

*Effective Date: 2017-01-06*

Issuers are required to obtain an Initial Certification from an Approved Document Custodian for all pool and loan package types, except project loan pools (PL, PN, LM, LS, and RX) and construction loan pools (CL and CS), before issuing the related security. By an “Initial Certification”, the Document Custodian certifies to Ginnie Mae that: 1) it has received from the Issuer the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued; 2) that the documents meet the attributes, accuracy, and completeness requirements described in the applicable document review procedures detailed in the Manual;

and, 3) that the documents relate to and are consistent with the list of loans reflected in the associated Schedule of Pooled Mortgages, Form HUD-11706, in the case of an MBS, or with the Schedule of Pooled Participations and Mortgages, Form HUD-11706H, in the case of an HMBS. For Construction Loan Pools and Project Loan Pools, Ginnie Mae requires Issuers to obtain only a single Final Certification prior to the issuance of the related security.

### **Section B. Variance for Construction and Project Loans**

*Effective Date: 2017-01-06*

The list of documents required for Initial Certification, the corresponding document review procedures, and required Initial Certification procedures, including certification deadlines, for the various pool types are contained in the Manual as follows:

### **Section C. Certification Process and Related Document Review Procedures**

*Effective Date: 2017-01-06*

- (1) Chapter 3, Part B, For Single Family Pools
- (2) Chapter 4, Part C, For Manufactured Home Loan Pools
- (3) Chapter 10, Part C, For HECM Loan Pools

## **PART 4. FINAL CERTIFICATION REQUIREMENTS**

Issuers are required to ensure that all MBS Program Pool types receive a Final Certification by an Approved Document Custodian within 12 months of the issue date of the related MBS.

### **Section A. General Requirement**

*Effective Date: 2017-01-06*

By a “Final Certification”, the Document Custodian certifies to Ginnie Mae that: it has received from the Issuer all the loan, pool, or loan package documents required by the Manual for Final Certification of the relevant pool; and, that each of these documents meets the attributes, accuracy, and completeness requirements described in the applicable document review procedures detailed in the Manual.

### **Section B. Certification Process and Related Document Review Procedures**

*Effective Date: 2017-01-06*

The list of documents required for Final Certification, the corresponding document review procedures, and required Final Certification procedures, including certification deadlines, for the various pool types are contained in the Manual as follows:

- (1) Chapter 3, Part C, For Single Family Pools
- (2) Chapter 4, Part D, For Manufactured Home Loan Pools
- (3) Chapter 5, Part C, For Construction Loan Pools
- (4) Chapter 6, Part C, For Project Loan Pools
- (5) Chapter 10, Part D, For HECM Loan Pools

Additional instructions for the single Final Certification required for Construction Loan Pools and Project Loan Pools is found in MBS Guide, Ch. 32, Part 8 and Ch. 31, Part 11, respectively.

### **Section C. Impact of Pool or Loan Package Transfer on Deadlines**

**Effective Date:** 2017-01-06

The transfer of any MBS Program Pool to a new Issuer or to a new Document Custodian does not impact the deadline for Final Certification of the relevant pool. The Final Certification for any MBS Program Pool that has been transferred must be completed within 12 months of the issue date of the related MBS.

### **Section D. Limitations on Pool Transfers Prior to Final Certification**

**Effective Date:** 2017-01-06

- (1) Frequency Limitations. A Transfer of Issuer Responsibility is allowed only once prior to final certification.
- (2) Timing Limitations. A Transfer of Issuer Responsibility is not permitted within 30 days of the pool or loan package issuance date, except as permitted under MBS Guide, Ch. 10, Part 10, Pools Issued for Immediate Transfer (PIIT).
- (3) Limitations Imposed by Past Due Certifications. A pool or loan package that is past due for final certification may not be transferred to a new Issuer. *(Please see MBS Guide Chapter 21 for additional information of MBS Program Pool transfers)*

### **Section E. Variance in Deadline for Construction and Project Loan Pools**

**Effective Date:** 2017-01-06

The single Final Certification required for Construction and Project Loan Pools must be performed prior to issuance of the related security.

## **PART 5. RECERTIFICATION REQUIREMENTS**

### **Section A. General Requirements**

**Effective Date:** 2017-01-06

The various transactions that trigger Recertification requirements, including Transfers of Issuer or Custodial responsibility, are outlined in Chapter 7, Part E of the Manual, and include all Transfers of Issuer Responsibility, PIIT transactions, and Transfer of Custodial Responsibility. Issuers are required to obtain a Recertification for any MBS Program Pool that is the subject of any transaction identified therein.

By “Recertification”, the Document Custodian certifies to Ginnie Mae that: it has received from the previous Document Custodian all the loan, pool, or loan package documents required by the Manual for Recertification of the relevant pool; and, that each of these documents meets the attributes, accuracy, and completeness requirements described in the applicable Recertification document review procedures detailed in the Manual.

The Recertification deadline is determined as follows:

- (1) Transfers of Issuer Responsibility: within twelve months of the effective date of the transfer.

- (2) Transfers of Document Custodial Responsibility: within 12 months from the date Ginnie Mae approved the transfer.

### **Section B. Recertification of Pools Transferred Prior to Final Certification**

*Effective Date: 2017-01-06*

Pools and loan packages transferred prior to Final Certification must receive a Final Certification from the New Document Custodian by the deadline described in MBS Guide, Ch. 11, Part 4.

In these instances, the Final Certification provided by the new Document Custodian satisfies the Recertification requirement.

Accordingly, Issuers are not required to obtain a Recertification for pools or loan packages transferred prior to Final Certification, but are still required to comply with the Final Certification requirement and deadline described in MBS Guide, Ch. 11, Part 4.

### **PART 6. RULES GOVERNING THE USE OF MULTIPLE DOCUMENT CUSTODIANS**

*Effective Date: 2017-01-06*

An Issuer may use different document custodians for different pools or loan packages. Notwithstanding the foregoing, all Participations related to the same HECM loan must have only one document custodian. Likewise, each pool or loan package must only have one document custodian.

### **PART 7. ISSUER REVIEWS OF CUSTODIAL DOCUMENTS AND CUSTODIAN PREMISES**

*Effective Date: 2017-01-06*

An Issuer or its auditors may conduct reviews of a Document Custodian's premises and/or the custodial documents. However, any review of custodial documents by the Issuer or its auditors must be conducted on the premises of the Document Custodian, and the custodial documents must remain under the control of the document custodian.

### **PART 8. OTHER ISSUER RESPONSIBILITIES**

In general, all Issuers are responsible for obtaining and delivering to a Document Custodian all MBS Program Pool documents required by this Guide, correcting any document defects, maintaining proper record-keeping procedures, and overseeing the performance of their document custodian(s).

Issuers are ultimately responsible for the safekeeping of Ginnie Mae custodial documents at all times. Ginnie Mae holds the Issuer responsible for any and all losses arising from defective or missing MBS Program Pool or loan documents

### **Section A. Duty to Deliver Conforming Documents Timely**

*Effective Date: 2017-01-06*

- (1) Timely delivery. Issuers are responsible for delivering documents in a timely manner. For final certification, the documents for an individual loan file may be delivered to the document custodian either as they become available or all together after all required documents have been received for that individual loan. As each loan file is completed, however, the Issuer must deliver it to the document custodian promptly. The Issuer may not wait until all documents have been collected for the entire pool or loan package before delivering them to the document custodian.

- (2) Acceptable Documents. Issuers are responsible for ensuring that all MBS Program Pool documents delivered to their Document Custodian meet the standards required by this Guide. The Document Custody Manual (Appendix V-01), provides a list of the documents required for all MBS Program Pool types and a description of the acceptable form for each of these documents. MBS Guide, Ch. 24 through 32 and 35 contain specific requirements and exceptions, if any, for particular MBS Program Pool types.

### **Section B. Duty to Correct Document Defects**

**Effective Date: 2017-01-06**

Issuers are responsible for correcting or resolving any defects found during the certification process. Also, Issuers must provide the document custodian with adequate clarification for those defects that are not considered material by Ginnie Mae

### **Section C. Duties Related to the Release of Loan Documents**

**Effective Date: 2017-01-06**

Issuers are authorized to request documents from the document custodian only if they are necessary in carrying out servicing actions or if their release from the Document Custodian is permitted by this Guide.

- (1) Document Releases Associated with Mature Pools. Upon maturity of a pool, the Issuer must submit a Request for Release of Documents, form HUD-11708 (Appendix V-5), to the document custodian, except that, for an HMBS pool, the Issuer shall not submit such request if the documents relate to any Participation in an active HMBS pool.
- (2) Documents Released for Other Reasons. Issuers are responsible for the safe-keeping of all MBS Program Pool documents released from the Document Custodian after initial certification. When applicable, Issuers must return the released MBS Program Pool documents to the relevant Document Custodian as soon as the Issuer's need for the documents is satisfied.
- (3) Maintenance of Records Pertaining to Document Releases. Issuers are responsible for maintaining accurate and complete records related to any MBS Program Pool documents released from a Document Custodian, including, if applicable, copies of the form HUD-11708, and records indicating the location of the released Documents.

The specific procedures and responsibilities applicable to Issuers and Document Custodians concerning the release of documents from custody is provided in "Part A. Release and Return of Documents (HUD-11708)" of Chapter 7 of the Document Custody Manual.

### **Section D. Duties Related to Missing Documents**

**Effective Date: 2017-01-06**

- (1) Prior to Final Certification. If notified that a document associated with an MBS Program Pool that has not received Final Certification is missing, the Issuer must replace the document prior to completion of the Final Certification.
- (2) After Final Certification. If notified that a document associated with an MBS Program Pool that has received a Final Certification is missing, the Issuer must replace the missing document(s) within 90 days of the date of the written notice from the document custodian.

The operational procedures applicable to missing documents is described in greater detail in Part L. Missing Documents, of Chapter 7 of the Document Custody Manual.

### **Section E. Oversight Responsibilities**

*Effective Date: 2017-01-06*

Issuers are ultimately responsible for the safekeeping of Ginnie Mae custodial documents at all times. Ginnie Mae holds the Issuer responsible for any and all losses arising from defective or missing MBS Program Pool or loan documents. Consequently, Issuers are responsible for ensuring that their Document Custodians meet the operational standards required by Ginnie Mae and that their custodians abide by the requirements of this Guide

### **Section F. Responsibilities Related to Issuer Corporate Name Changes**

*Effective Date: 2017-01-06*

In the event of an Issuer corporate name change, Issuers are required to follow the procedures detailed in “Part H. Issuer Name Change”, of Chapter 7 of the Document Custody Manual.

### **Section G. Responsibilities related to Pool Termination and Transfers**

*Effective Date: 2017-01-06*

The responsibilities of an Issuer related to releases required for Early Pool Termination, Pool Maturity, or Transfers of Custodial Responsibility are provided in Chapter 7 of the Document Custody Manual.

## **PART 9. POOLS AND LOAN PACKAGES PAST DUE FOR FINAL CERTIFICATION OR RECERTIFICATION**

Issuers with pools and loan packages past due for final certification or recertification will be required to submit to Ginnie Mae letters of credit, upon the terms set forth below. A letter of credit may not be used as a substitute for mortgage insurance or guaranty. Issuers must repurchase defective mortgages according to the timeframes set forth in the Guaranty Agreements and the Guide.

### **Section A. Pools and Loan Packages Past Due for Final Certification**

*Effective Date: 2021-07-28*

(1) Applicable thresholds:

If an Issuer has one or more pools or loan packages that were issued more than three years earlier and have not been final certified, the Issuer must submit a Letter of Credit (LOC), found in Appendix VI-3 of this Guide to the PPA (see Addresses) for those pools or loan packages.

In all other cases, an Issuer must submit a Letter of Credit (LOC) (Appendix VI-3) to the PPA (see Addresses) for pools or loan packages past due for final certification if it meets the following three criteria:

- (a) more than 19 of the Issuer’s pools and loan packages are past due for final certification, and

- (b) the number of pools or loan packages issued or acquired by the Issuer that are past due for final certification exceeds 15 percent of the number of pools or loan packages issued or acquired by the Issuer during the past 18 months, and

Pool Level Threshold	Ex.	%
Overdue Pools and loan packages	20	= 20%
Pools and loan packages 20% acquired in the preceding 18 months	100	

- (c) the number of loans preventing certification of pools or loan packages that are past due for final certification exceeds 4 percent of the original number of loans in pools or loan packages issued or acquired by the Issuer during the past 18 months.

Loan Level Threshold Test	Ex. %	%
Loans preventing certification of Overdue Pools and loan packages	5	= 5%
Number of Loans, at transfer date, in pools and loan packages acquired in the preceding 18 months	100	

(2) Letter of credit:

The amount of the LOC must be equal to 100 percent of the aggregate remaining principal balance (RPB), as of the date the PPA notifies the Issuer in accordance with MBS Guide, Ch. 11, Part 9, § A(1), of the loans that are preventing final certification of the pools or loan packages.

LOCs must be issued on a bank with a Moody's long-term deposit rating of A-2 or better, in the format provided in Appendix VI-3. The LOC expiration date must be no less than 6 months from the issue date of the LOC.

If the Issuer brings its pools and loan packages into compliance with Ginnie Mae's tolerance levels before the LOC expires, the Issuer may request that the PPA return the LOC. If after the 6-month period the pools and loan packages are still not in compliance, the LOC must be replaced with a new one before it expires.

Issuers may combine the amount due for all pools and loan packages requiring an LOC into a single LOC.

Further questions on the format for LOCs and requests for the return of LOCs should be addressed to the PPA (see Addresses).

(3) Schedule of loans and attestations:

An Issuer with an uncertified pool or loan package that exceeds the thresholds described in MBS Guide, Ch. 11, Part 9, § A(1), must submit to the PPA a schedule of loans that are preventing final certification. The schedule must be attested to by an officer of the Issuer named on the Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2) and by an officer of the Issuer’s document custodian.

Issuers required to post an LOC must submit the schedule and attestations in hard copy form, see Appendix V-2.

**Section B. Pools and Loan Packages Past Due for Recertification**

**Effective Date: 2022-10-31**

(1) Applicable thresholds:

If an Issuer has one or more pools or loan packages that were issued more than three years earlier and have not been recertified, the Issuer must submit a Letter of Credit (LOC) using the form found in Appendix VI-3 to the PPA (see Addresses) for those pools or loan packages.

In all other cases, an Issuer must submit a Letter of Credit (LOC), using the form found in Appendix VI-3, to the PPA (see Addresses) for pools or loan packages past due for recertification if the Issuer meets the following three criteria:

- (a) more than 19 of the Issuer’s pools and loan packages are past due for recertification, and
- (b) the number of pools or loan packages issued or acquired by the Issuer that are past due for recertification exceeds 15% of the number of pools or loan packages issued or acquired by the Issuer during the past 18 months, and

Pool Level Threshold Test	Ex. %	%
Overdue Pools and loan packages	40	= 20%
Pools and loan packages acquired in the = 20% preceding 18 months	200	

- (c) the number of loans preventing certification of pools or loan packages that are past due for recertification exceeds 4% of the original number of loans in pools or loan packages issued or acquired by the Issuer during the past 18 months.

Loan Level Threshold Test	Ex. %	%
Loans preventing Recertification of Overdue Pools and loan packages	80	= 5%
Number of Loans, at transfer date, in pools and loan packages acquired in the preceding 18 months	1800	



The PPA will inform Issuers of the loan packages or pools that have not been recertified and are past due and the PPA will include the due date for submitting the LOC.

(2) Letter of credit (LOC):

The amount of the LOC must be equal to 100 percent of the aggregate remaining principal balance (RPB), as of the date the PPA notifies the Issuer in accordance with MBS Guide, Ch. 11, Part 9, § B(1), of the loans that are preventing recertification of the pools or loan package.

(3) Schedule of loans and attestations

An Issuer with an uncertified pool or loan package that exceeds the thresholds described in MBS Guide, Ch. 11, Part 9, § B(1), must submit to the PPA a schedule of loans that are preventing recertification. The schedule must be attested to by an officer of the Issuer named on the Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2) and by an officer of the Issuer's document custodian.

Issuers required to post an LOC must submit the schedule and attestations in hard copy form, see Appendix V-3.

### **Section C. Federal Regulatory Agency Transfers of Servicing and Ginnie Mae Recertification Requirements**

**Effective Date: 2017-01-06**

The following procedures apply only where the seller of Ginnie Mae servicing is an institution under the control of a federal regulatory agency or institution in receivership or conservatorship. The procedures also apply to an Issuer whose document custodian is closed by a regulatory agency.

The requirements in this section apply only to recertification requirements. Final certification requirements are not affected by this section.

A Ginnie Mae Issuer that purchases a portfolio of pools or loan packages from an institution under the control of a federal regulatory agency (or subsidiary of such an institution) may apply to Ginnie Mae for an extension of the allowable recertification period. The extension period may not exceed six months.

An Issuer that is forced to change document custodians due to a takeover of a document custodian by a federal regulator may also apply for a six-month extension of the recertification process.

An Issuer requesting an extension must file a written request with the Office of Issuer & Portfolio Management (see Addresses), that is signed by an officer of the Issuer listed on a current Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2) on file with Ginnie Mae. Ginnie Mae will require no fewer than 10 business days to process the request. The request must be on the Issuer's letterhead stationery, provide the Issuer's Ginnie Mae identification number, and include an explanation of the special problems facing the Issuer in recertifying the pools or loan packages purchased from an institution controlled by a federal regulatory agency. The Issuer must identify the federal regulatory agency

and the controlled institution and submit a list of the pool and loan package numbers that will be affected by the proposed extension. The list of pool and loan package numbers must include the pool or loan package issue date, recertification due date (under the 12-month rule), and effective date of the pool or loan package transfer to the Issuer. (NOTE: The effective date of a pool or loan package transfer is always the first of the month.)

The buying Issuer must provide evidence that the seller was taken over by the regulatory agency within 12 months after the effective transfer date or that the pools or loan packages were purchased (or forced to be transferred) from a controlled institution.

An Issuer requesting a recertification extension must submit the pool or loan package information to the PPA in hard copy form, see Appendix V-3.