

**MORTGAGE
PARTNERSHIP
FINANCE®
PROGRAM
CUSTODY MANUAL**

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CHAPTER 1. INTRODUCTION

The MPF® Custody Manual establishes the MPF Program procedures and requirements for a third party Custodian or a PFI acting as its own Custodian. Additional procedures and requirements in Chapter 6.9.3 of the MPF Program Guide and Chapter 1.6.3 of the MPF Traditional Servicing Guide apply to all Custodians, except when specifically designated for the MPF Program Custodian.

A Custodian must be approved by the MPF Provider and sign a Custody Agreement and Custodian Acknowledgement for each PFI it will act as a Custodian for prior to serving as a Custodian under the MPF Program. The Custodian must cooperate with the MPF Provider in its effort to monitor the Custodian's financial viability and operational capability throughout the term of the custody relationship. At any time, the MPF Provider has the right to require a PFI to transfer Collateral Files to a different approved Custodian, which may be the MPF Program Custodian.

A PFI must designate an approved Custodian for each Master Commitment under the MPF Program with the exception of Bank Funded Mortgages (MPF 100 product) for which the Collateral Files must be held by the MPF Program Custodian. The designated Custodian for a Master Commitment is required to perform its duties on behalf of the MPF Provider for the life of the Master Commitment or until its custodial responsibilities are transferred with the MPF Provider's prior written approval to an eligible Custodian designated by the PFI or MPF Provider or until otherwise terminated.

All capitalized terms used in the Custody Manual shall have the meaning provided in the MPF Glossary and the Custody Agreement. All references to "PFI" in this Custody Manual shall be understood to refer to the PFI acting in its capacity as Mortgage originator, seller and/or servicer. With respect to a PFI which is acting as its own custodian, all references to "Custodian" shall be understood to refer to the PFI/Custodian acting in its capacity as Custodian.

CHAPTER 2. ELIGIBILITY

2.1 Overview

The Custodian must meet the requirements of this chapter of the Custody Manual to be approved as a Custodian under the MPF Program. The Custodian must maintain compliance with these eligibility requirements at all times while it continues to serve as a Custodian in the MPF Program.

2.2 Custodian General Eligibility Requirements

The Custodian must comply with all requirements of the MPF Program Guide and applicable product Servicing Guides, as amended from time to time, that pertain to the possession of and responsibility for Notes, Assignments and other related Mortgage documents. If at any time the Custodian fails to meet any applicable eligibility requirements, the Custodian must immediately notify the PFI and the MPF Provider in writing of such facts.

To become a Custodian, an institution must meet all of the general eligibility requirements provided for in this Custody Manual and in the Custody Agreement, including, but not limited to the following:

1. Be one of the following institutions:
 - A financial institution that is supervised or regulated by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), or the National Credit Union Administration (NCUA);
 - A third party Custodian which is a subsidiary of such a supervised and regulated financial institution listed above; or
 - A Federal Home Loan Bank
2. Be in good standing under the laws of the state of its incorporation or the United States of America with no litigation, suit, proceeding or investigation pending or, to the best of the Custodian's knowledge, threatened, or any adverse judicial or regulatory order or decree outstanding, with respect to the Custodian, which could potentially interfere with the Custodian's ability to perform its duties and comply with its obligations under the Custody Agreement and this Custody Manual;
3. Have a rating of "C/D" or better from Fitch, Inc. or a "50" or better rating from IDC Financial Publishing, Inc. for the Custodian (or the parent, affiliate, or subsidiary, as approved by the MPF Provider). If an institution is rated by both firms, PFIs must use the Fitch, Inc. rating to

determine whether the institution satisfies the rating criteria. PFIs should verify the rating on an annual basis and notify the MPF Provider if the rating falls below these standards.

4. Provide an annual Officer's Certification (Exhibit 2) that meets the requirements of Chapter 3.6.1 of the Custody Manual;
5. Meet minimum capital requirements of its primary regulator;
6. Obtain insurance, which covers the Custodian's activities while performing the custodial function, of the types described in Chapters 6.4 through 6.6 of the MPF Program Guide and Chapter 15.2.1 of the MPF Traditional Selling Guide. All such insurance must be in amounts with standard coverage as is customary for insurance typically maintained by depository institutions or trust companies which act as custodians for third parties. All such insurance must be maintained in full force and effect at all times during the term of the Custody Agreement. In addition, the Custodian must have a Lost Instrument Bond, or equivalent, insurance covering any loss resulting from employee dishonesty, theft, physical damage or destruction to or loss of any Notes or Assignments while such documents are located on the Custodian's premises and/or while such documents are in transit if the Custodian has contractually agreed with the PFI to assume such liability. The Custodian shall, upon written request, provide to the MPF Provider a certificate of the respective insurer certifying that such policy or certificate is in full force and effect;
7. Must be able to exchange data electronically with the MPF Provider utilizing the MPF Provider's standard data file format for transmitting the required files and to demonstrate the ability to communicate to the MPF Provider using the eMPF® website in an efficient manner (see Chapter 4 of the Custody Manual);
8. Employ knowledgeable personnel with appropriate custodial experience;
9. Subscribe to the MPF Guides;
10. Store Collateral Files in secure, fire resistant storage facilities with adequate controls on access to assure the safety and security of the Collateral Files. The storage facilities must meet the following requirements:
 - Access to the storage facilities must be controlled either by:
 - An automated system, such as requiring the use of a security card reader (with electronic access records) to enter the vault; or
 - A manual system, requiring at least two (2) employees to be present whenever the vault is entered, with the maintenance of a written access log;

- Fire protection for a minimum of two(2) hours that is attested to by the Custodian's insurance company, local fire marshal or an independent, qualified fire protection contractor.
11. Maintain a tracking system that will account for the receipt, release, and physical location of Collateral Files and provide management reports;
 12. Follow and maintain satisfactory written procedures that address the process for the certification, storage, access, transfer, release, tracking, and reporting of the Collateral File;
 13. Maintain a satisfactory written disaster recovery plan that addresses:
 - A plan to establish alternative communications with the MPF Provider in the event of a disaster
 - The process for physical recovery and restoration of the Collateral File(s);
 - The recovery of the tracking system data;
 - The relocation and restoration of the facilities to ensure the continued performance of the custodial duties;
 - The notification of the MPF Provider within 24 hours of a disaster; and
 - The Custodian's periodic testing of its disaster recovery plan. The MPF Provider may participate in such testing upon mutual agreement. Test results shall be made available upon request to the management, regulators and auditors of the MPF Provider and each MPF Bank which has an interest in the Collateral Files.
 14. Develop and maintain a satisfactory quality control program. The Custodian shall develop and maintain a written quality control program to assure that all procedures regarding the custodial services described in the MPF Custody Manual are being fully complied with by the Custodian and any of its employees or agents. The Custodian's quality control program must:
 - Be in a written format;
 - Provide for standard operating procedures for all employees and agents who will be providing and/or are involved with the custodial services described in the MPF Custody Manual and the related quality control process;
 - Provide a written and quantifiable mechanism for evaluating and monitoring the overall quality of the certification and document release processes and the performance by the Custodian and any of its employees or agents, on a regular and timely basis; and

- Include procedures and measures to ensure that sample selection and testing, collateral file reviews and reporting of all findings under the quality control program (to both the Custodian's management and the MPF Provider) are conducted on a timely basis.
15. Comply with all requirements concerning data privacy and security as provided by the Custody Agreement, Chapter 6.3 of the MPF Program Guide and Chapter 4.6.1 of the MPF Traditional Servicing Guide, and Applicable Law;
 16. Be established and operating under sufficient authority granted by its primary regulator to perform the custodial duties required to be performed by the Custodian under the Custody Agreement and this Custody Manual;
 17. The custodial function must be independently and separately managed from other departments within the institution that perform mortgage origination, selling and servicing functions;
 18. Employ personnel for its custodial function that are not engaged in the function of mortgage origination, selling or servicing;
 19. Maintain for its custodial function separate records, files and operations; and
 20. Comply with any other requirements the MPF Provider may deem necessary.

2.3 PFI Acting as Own Custodian

Any PFI acting as its own Custodian must:

- Satisfy all general eligibility requirements listed in Chapter 2.2 of this Custody Manual;
- Be subject to periodic review or inspection by the PFI's primary regulator; and
- Have Custody Officers who are duly authorized by corporate resolution or by-laws to act on behalf of the PFI in its trust capacity and who are empowered to enter into the Custody Agreement.

2.4 Affiliated and Unaffiliated Third Party Custodian

All third party Custodians must:

- Satisfy all general eligibility requirements listed in Chapter 2.2 of this Custody Manual; and
- If the Custodian is affiliated with the PFI, it may coexist in the same location as the PFI as long as the PFI is not involved in the management or operations of the third party Custodian.

CHAPTER 3. CUSTODIAN APPROVAL AND AUDIT PROCESS

3.1 Overview

The Custody Manual sets forth the role of the MPF Provider, the PFI and the Custodian in the MPF Program. The Custody Agreement is the contractual agreement between the MPF Provider and the designated Custodian.

When a PFI elects to use a custodian other than the MPF Program Custodian, as authorized in this Custody Manual, the Custodian is required to sign the Custody Agreement provided by the MPF Provider. A third party custodian is only required to sign one Custody Agreement [Unaffiliated Third Party Custodian], which continues in full force and effect, regardless of the number of PFIs for which it acts as Custodian. For all subsequent unaffiliated PFI requests to use such Custodian, the Custodian must sign a Custody Addendum allowing it to act as Custodian for an additional PFI.

Each PFI that chooses to utilize the services of an approved custodian other than the MPF Program Custodian must sign a Custodian Acknowledgement covering the PFI's use of the designated Custodian. The designated Custodian must also sign each Custodian Acknowledgement.

3.2 Procedures for Approving a New Custodian

The following procedure outlines the required steps to submit a new custodian for approval under the MPF Program when a PFI elects to use a custodian other than the MPF Program Custodian:

1. The PFI contacts the MPF Bank of which it is a member and requests approval to use an alternate custodian.
2. If the MPF Bank agrees with the request, the MPF Bank notifies the MPF Provider of the PFI's request for use of an alternate custodian.
3. The MPF Provider sends:
 - a. To the prospective custodian the MPF Guides, which include the MPF Custody Manual and Custodian Application (Exhibit 1);
 - b. To the prospective custodian a sample of the applicable Custody Agreement (or Custody Addendum, if the custodian has previously signed a third party Custody Agreement) and, if an affiliate or third party custodian, copies the PFI on the transmittal;
 - c. To the prospective custodian and PFI, a sample of the Custodian Acknowledgement.

4. The prospective custodian submits to the MPF Provider for review a completed MPF Custodian Application along with all required documents.
5. An on-site visit of the prospective custodian's operation may be conducted, if determined to be necessary by the MPF Provider.
6. The prospective custodian must successfully complete testing of standard file transmissions with the MPF Provider using the eMPF website.
7. If the prospective custodian is approved, the MPF Provider sends:
 - a. A Custodian Approval Letter to the prospective custodian and the PFI; and
 - b. To the prospective custodian for signature:
 - i. Two originals of the applicable Custody Agreement (or Custody Addendum, if applicable), and
 - ii. Three originals of the applicable Custodian Acknowledgement.
8. The prospective custodian signs all original documents from 7(b) above and returns them to the MPF Provider. The MPF Provider forwards to the PFI the three original Custodian Acknowledgements for signature. The PFI signs all three originals and returns them to the MPF Provider.
9. The MPF Provider signs all original Custody Agreements (or Custody Addenda, if applicable) and Custodian Acknowledgements, retains one fully-executed original of each, and distributes the other originals as follows:
 - a. An original Custody Agreement (or Custody Addendum, if applicable) and an original Custodian Acknowledgement to the Custodian; and
 - b. An original Custodian Acknowledgement to the PFI.
10. Once all signed and/or acknowledged documents are returned to the MPF Provider, the MPF Provider Custody Department notifies the MPF Provider Service Center of the approved change in custodian for the PFI for future Master Commitments.

3.3 Contracting with a Custodian

The PFI may not deliver any Collateral Files to the Custodian until:

- The Custodian has been approved by the MPF Provider;

- The Custodian has executed and delivered to the MPF Provider an applicable Custody Agreement (or Custody Addendum if the custodian has previously signed a third party Custody Agreement) and a Custodian Acknowledgement; and
- The PFI has executed and delivered to the MPF Provider a Custodian Acknowledgement.

If a PFI wishes to use a Custodian that has already been approved by the MPF Provider, steps 3a, 4, 5, 6, and 7a of Chapter 3.2 are not required. When using a previously approved Custodian, the PFI must execute a Custodian Acknowledgement, which must be signed by the designated Custodian. The designated Custodian must sign a Custody Addendum allowing it to act as Custodian for such PFI.

A PFI that uses a Custodian other than the MPF Program Custodian must pay all fees charged by the Custodian for the performance of the Custodian's duties with respect to the Collateral Files held in trust for the MPF Bank by the Custodian. The Custodian shall look solely to

the PFI for payment of the Custodian's fees. Neither the MPF Provider nor any MPF Bank shall be obligated to pay custodial fees to any Custodian other than the MPF Program Custodian. The MPF Provider is not a guarantor of the PFI's obligation.

3.4 PFI's Responsibility

If a PFI elects to use a Custodian other than the MPF Program Custodian, it must execute a Custodian Acknowledgement by which it accepts that breach by the Custodian under its Custody Agreement with respect to Mortgages sold by the PFI shall constitute breach of the PFI Agreement. By delivering Mortgages for purchase under the MPF Program, the PFI will be representing to the MPF Provider and the MPF Bank that it has received from the Custodian the Initial

Certifications required in this Custody Manual and the Custody Agreement for each Mortgage.

3.4.1 Transit Insurance Requirements

If a PFI has not contractually agreed with the Custodian to have the Custodian assume liability for Notes and Assignments and any other documents in the Collateral File while in transit, the PFI must meet the insurance requirements of Chapter 15.2.1 of the MPF Traditional Selling Guide.

3.4.2 Obtaining Documents from Custodian

The PFI must follow prudent business practices in protecting and safeguarding all documents released to it by the Custodian until these documents are returned to the Custodian. These practices include protection from external elements (such as fire), identification of documents as MPF Bank assets, and segregation from other unrelated documents.

3.5 Custodian's Responsibility

Under the Custody Agreement, the Custodian is an agent of the MPF Provider. The Custodian is primarily responsible for the physical safekeeping of the Collateral Files, certifying the completeness and consistency of such documents, and holding such documents in trust as follows:

3.5.1 Safekeeping of Documents

The MPF Program requires the performance of reasonable procedures to protect the documents, which are contained in the Collateral File, from theft, misplacement, fire or other calamity. To fulfill this safekeeping responsibility, the Custodian is required to keep the Collateral File in a secure, fire resistant facility. The Custodian must develop and ensure compliance with procedures that prevent unauthorized access to the documents and maintain control over all documents received (see Chapter 2.2 for storage facility access and fire protection requirements). The Custodian is required to maintain insurance coverage and comply with standards to protect such documents from damage, as required in this Custody Manual and the Custody Agreement.

The Custodian must comply with all MPF Program Guide and the applicable product Servicing Guide requirements pertaining to each Collateral File and provide, in an electronic format acceptable to the MPF Provider, an accounting of all Notes held for the MPF Provider.

3.5.2 Custodian's Certification

A Custodian certifies that:

- It has examined and has in its possession the required documents for the Mortgages listed on the specified Loan Funding Report; and
- These Collateral Files are complete and consistent and are in compliance with the requirements of the MPF Program. The Custodian makes this certification by electronically transmitting the Daily Approved Mortgage Loan Report ('E' File) to the MPF Provider.

3.5.3 Holding Documents in Trust

After receipt of documents to be included in the Collateral File for a Mortgage, the Custodian will hold such documents in trust in accordance with this Custody Manual and the Custody Agreement. After purchase of the Mortgage by the MPF Bank and certification of the Collateral File, the Custodian will hold such documents of the Collateral File in trust for the sole benefit of the MPF Provider and the MPF Banks which have an interest in such Collateral File. The Custodian may not enter into any understanding, agreement, or relationship with any party by which any such party would obtain, retain or claim any interest (including an ownership or security interest) in such documents or the

underlying Mortgages. If the Custodian's facility is affected by a disaster, the Custodian must notify the MPF Provider within 24 hours of the disaster.

The Custodian must represent and warrant that it meets all the eligibility requirements under the MPF Program and is liable for its own negligent action, negligent failure to act, lack of good faith, or willful misconduct.

3.6 Audit and Oversight

The Custodian shall provide reasonable and necessary cooperation with any internal or external auditors of the MPF Provider and any regulatory bodies having jurisdiction over the MPF Provider or the MPF Banks. Such cooperation by the Custodian shall include cooperation with auditors of the MPF Provider preparing a SAS 70 audit of the MPF Program.

3.6.1 Officer's Certification

The Custodian shall deliver to the MPF Provider, on or before April 30th of each year, an Officer's Certificate in the form of Exhibit 2. The Officer's Certificate must state that a review of the activities of the Custodian during the preceding calendar year and performance under the Custody Agreement has been made under such officer's supervision. In addition, the Certificate must state that, to the best of such officer's knowledge, the Custodian has fulfilled all of its obligations under the Custody Agreement and this Custody Manual throughout the year. If there has been a default in the fulfillment of any obligation, the officer must specify each default known to the officer and the nature, status, and action being taken by the Custodian to cure the default.

3.6.2 Inspection of the Custodian

The MPF Provider, its auditors and agents, upon providing such notice to the Custodian as may be reasonable under the circumstances, may inspect and examine at the office of the Custodian, at any time during ordinary business hours, any or all Collateral Files and all related records in the possession, or under the control, of the Custodian. The MPF Provider shall pay all reasonable costs and expenses incurred by the Custodian in connection with the inspection.

3.6.3 Custodial Quality Control Review

Upon completion of each custodial services quality control review, the Custodian may be asked to deliver the results of the review to the MPF Provider (see Exhibit T for the MPF Provider's information). The custodial services quality control review must be conducted in compliance with Chapter 2.2 of the Custody Manual.

3.7 Removal of Custodian

A Custodian may be removed from participation in the MPF Program by the MPF Provider, for any of the following reasons:

1. Failure to meet any of the eligibility requirements;
2. Failure by the Custodian to comply with applicable provisions of the Guides or the Custody Agreement;
3. Failure to conduct its business operations in accordance with industry practice, ethics and standards as determined in the MPF Provider's sole discretion;
4. Failure to turn over custodial documents to the MPF Provider immediately upon receipt of notice in the event of a default by a PFI; and
5. For any reason the MPF Provider determines, in its sole discretion, is necessary to protect the interest of the MPF Banks in the Collateral Files or the safety and soundness of the MPF Program.

Upon termination of the Custody Agreement for any reason, the removal and transfer of the Custodian's duties and responsibilities will be handled in accordance with the MPF Provider's written instructions.

CHAPTER 4. ELECTRONIC DELIVERY OF CERTIFICATION

4.1 Overview

The Custodian is required to exchange all daily reports (for Files A – E only) with the MPF Provider through the use of the eMPF website. The Custodian will be notified by the MPF Provider via email when reports are available for retrieval on the website. Additionally, the Custodian is required to upload daily reports to the website in order to complete the certification process of the Collateral Files for the PFI. All monthly custody reporting should be completed using email and sent to the MPF Provider Custody Department. The Custodian must contact the MPF Provider Service Center to obtain the correct email address.

4.2 Electronic File Format

4.2.1 Daily Activity Files from the MPF Provider to the Custodian

Based upon the delivery activity during the prior Business Day, the MPF Provider will make available the following files to the Custodian using the eMPF website.

- Loan Funding Report ('A' File)
- Loans Funded Modification Report ('B' File)

4.2.2 Daily Files from the Custodian to the MPF Provider

Based upon the delivery activity during the prior Business Day, the Custodian will make available the following files to the MPF Provider using the eMPF website.

- Daily File Not Reviewed Report ('C' File)
- Daily Loan Exception Report ('D' File)
- Daily Loan Approved Report ('E' File)

4.2.3 Monthly Files from the Custodian to the MPF Provider

The Custodian will e-mail the following files by the fifth (5th) Business Day of each month to the MPF Provider's Custody Department, reporting on all activity for the prior month (see Exhibit T for the MPF Provider's email information):

- Monthly Approved Report ('F' File)
- Monthly Loan Deleted Report ('G' File) Monthly Loan Released Report ('H' File)
- Monthly Final Document Exception Report ('J' File)

- Monthly Final Certification Approved Report ('L' File)

4.3 eMPF® Website – eMPF® Custodian User Manual

The eMPF Custodian User Manual provides instructions to the Custodian on how to transmit data in an electronic format under the MPF Program. A Custodian may obtain a copy of the eMPF Custodian User Manual by contacting the MPF Provider Service Center.

CHAPTER 5. DOCUMENT DELIVERY AND RELEASE

5.1 Overview

The PFI must comply with all applicable requirements of this chapter when delivering Collateral Files to its designated Custodian. When using a Custodian other than the MPF Program Custodian, the PFI is required to obtain Initial Certification prior to purchase under the MPF Program. This chapter specifies the process that the Custodian must follow for the Collateral Files delivered to and released from the Custodian.

5.2 Document Delivery – Initial and Final Certification

The Custodian must complete the Initial Certification using the eMPF website. If the Custodian is unable to provide the Initial Certification, the MPF Bank will not purchase the Mortgage (see the Initial and Final Certification requirements of Chapter 6.9.3 of the MPF Program Guide and Chapters 5.1, 10.2.4, 10.2.8, 15.1, 15.1.1, 15.1.2, 15.4, 15.4.1 of the Traditional Selling Guide).

5.3 Custodian Functions and Duties

In general, the function and duty of all approved Custodians under the MPF Program is to act as agent and bailee for the purpose of receiving and holding certain documents pertaining to the Mortgages purchased under the MPF Program and to resolve and clear custody Exceptions with each PFI.

5.3.1 Reviewing Initial Documents

Upon receipt of the Collateral File, the Custodian must review the documents in accordance with the Initial Certification Criteria of Chapters 6.2.1 and 6.3 of this Custody Manual to determine if Exceptions exist that would prevent Initial Certification of the Collateral File.

5.3.2 Initial Document Reports

Upon receipt of a Loan Funding Report ('A' File) from the MPF Provider, the Custodian must report to the MPF Provider, in the time frames specified below, certain information pertaining to, but not limited to, the receipt and the Initial Certification of the Collateral Files, which are listed in the Loan Funding Report.

Upon the purchase of a Mortgage, the MPF Provider will make available to the Custodian by the close of business that day, or no later than 5:00 p.m. (Central Time), the Loan Funding Report ('A' File).

The Custodian, in turn, shall submit to the MPF Provider in electronic form, no later than 5:00 p.m. (Central Time) the next Business Day, the files listed below. All Mortgages included in the Loan Funding Report will be included in one of these three reports:

- Daily File Not Reviewed Report ('C' File).
- Daily Loan Exception Report ('D' File).
- Daily Approved Mortgage Loan Report ('E' File).

On the fifth (5th) day of each month (or the next Business Day thereafter if the fifth is not a Business Day) no later than 5:00 p.m. (Central Time), the Custodian shall submit to the MPF Provider in electronic form the following reports covering all activity during the prior month:

- Monthly Approved Report ('F' File).
- Monthly Loan Deleted Report ('G' File).
- Monthly Loan Released Report ('H' File)

5.3.3 Reviewing Final Documents for Government Mortgages

Upon receipt of the final document package for Government Mortgages, the Custodian must review the documents in accordance with Chapters 6.2.3 and 6.4 of this Custody Manual to determine if Exceptions exist that would prevent Final Certification of the final document package.

The Custodian must report the Exceptions to the MPF Provider and the PFI, and the Custodian must work with the PFI to clear the Exceptions. Only upon the confirmation of accurate document and delivery data can the Final Certification process be completed.

5.3.4 Final Document Reports for Government Mortgages

On the fifth (5th) day of each month (or the next Business Day thereafter if the fifth (5th) is not a Business Day) no later than 5:00 p.m. (Central Time), the Custodian shall submit to the MPF Provider in electronic form the following reports covering all activity during the prior month:

- Monthly Final Document Exception Report ('J' File).
- Monthly Final Certification Approved Report ('L' File).

5.3.5 Recertification of Documents

If a Collateral File has been released by the Custodian to the PFI for any reason and then returned to the Custodian, the resulting review is called a recertification. The Custodian must review and recertify the Collateral File as specified in Chapters 6.2.4 and 6.5 of this Custody Manual.

5.3.6 Resolution of Exceptions

The Custodian will interact with each PFI to resolve and clear all cited Exceptions as specified in Chapter 6.6 of this Custody Manual.

5.3.7 Release of Collateral Files

If the Servicer needs a document from the Collateral File to properly service a Mortgage, the Servicer must send a Request for Release of Documents (Form SG340) to the Custodian, properly signed by an authorized party. Refer to Chapter 1.6.6 of the MPF Traditional Servicing Guide.

Except as provided in the following paragraph, upon the Liquidation, purchase, or as appropriate for Servicing or Foreclosure of a Mortgage and within three (3) Business Days of the Custodian's receipt of a Request for Release of Documents, the Custodian will either:

- Release the related Collateral File to the Servicer; or
- Notify the Servicer in writing of the Rejected Release Request and take no further action.

In the event the Custodian receives the Request for Release of Documents within five (5) days of its receipt of the specified Collateral File, the Custodian shall have a reasonable period of time to release such Collateral File unless otherwise required by state law.

The MPF Provider agrees to furnish the Custodian with its list of names and signatures of those Designated Officers of the MPF Provider [Exhibit 3] authorized to request the release of a Collateral File and to supply the same information when received from the applicable Servicer.

5.3.8 Safekeeping of Documents

The Custodian will store the Collateral Files in secure, fire resistant storage facilities with customary controls on access to assure the safety and security of the Collateral Files. See Chapter 2.2 for storage facility access and fire protection requirements.

5.3.9 Copies of Collateral Files

Upon request and within two (2) Business Days, the Custodian shall provide the MPF Provider or the PFI with copies of any document or documents contained in the Collateral File for any Mortgage. All reasonable costs and fees in connection with this request will be paid in accordance with the applicable Custody Agreement and PFI Agreement.

5.3.10 Custody Delivery Failure

If the Custodian fails to deliver the Note, any unrecorded Assignment, or any other Mortgage document held in trust within five (5) Business Days of the request by the Servicer, then the Custodian shall, with respect to any missing Mortgage document, furnish a lost Mortgage document

affidavit in a form reasonably satisfactory to the MPF Bank. The Custodian shall indemnify and hold harmless the MPF Provider, MPF Bank and PFI, and their respective designees, against any and all direct liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements, including reasonable attorneys' fees that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of such custodial Delivery Failure, provided that the Custodian shall not be liable for consequential damages. The PFI shall be responsible for the Custodian's performance of its lost Mortgage document affidavits as provided in the Custodian Acknowledgement.

CHAPTER 6. DOCUMENT REVIEW AND CERTIFICATION

6.1 Certification Process Overview

The certification process includes the delivery of the required Collateral File to the Custodian and the review of these documents by the Custodian within the established time frames. The Custodian is required to formally certify that the documents in its control completely represent the related Mortgages in accordance with the MPF Program requirements. The Custodian must provide the MPF Provider with the certification described in Chapter 3.5.2 of this Custody Manual. Any Collateral File that has been released and returned to the Custodian must be recertified.

The Custodian is required to retain all Collateral Files related to a Master Commitment in a single permanent storage location. The Custodian is required to permit representatives of the MPF Provider to inspect any documents relating to Mortgages under the Custodian's control. The PFI may request removal of an individual Collateral File by sending the Custodian a Request for Release of Documents (Form SG340).

6.2 Time Requirements for Certification

The Custodian is required to complete the Initial Certification prior to purchase for all Mortgages for which the Custodian provides custodial services. After purchase, the Custodian is required to complete the Initial Certification Confirmation process. Final Certification for all Government Mortgages must be completed within twelve (12) months of the date of funding under the MPF Program. Collateral Files may be transferred to another approved Custodian prior to Final Certification, however that does not extend the twelve-month deadline for Final Certification.

6.2.1 Initial Certification

The PFI shall deliver to the Custodian a Collateral File for each Mortgage it intends to sell to an MPF Bank. The Custodian shall review each Collateral File for compliance with the Initial Certification Criteria, and if the Collateral File complies with the criteria, issue an Initial Certification. The Custodian must complete the Initial Certification using the eMPF Website as described in Chapter 5.3.2 of this Custody Manual. For a Mortgage to be eligible for purchase under the MPF Program, an Initial Certification of the Collateral File must be issued by the Custodian prior to purchase. After receipt of a Collateral File for a Mortgage, the Custodian will hold the Collateral File in trust in accordance with Chapter 3.5.3 of this Custody Manual.

6.2.2 Initial Certification Confirmation

Upon receipt of a Loan Funding Report ('A' File) from the MPF Provider, the Custodian shall determine:

- Whether the Custodian has received a Collateral File for each Mortgage listed in the Loan Funding Report,
- For each Collateral File received, whether it has issued an Initial Certification,
- For each Mortgage listed for which an Initial Certification has been issued, whether the data listed on the Loan Funding Report matches the data reflected in the Initial Certification, and
- For each Mortgage listed for which a Collateral File has been received but an Initial Certification has not been issued, the Initial Certification Exceptions preventing such Initial Certification.

The Custodian, PFI and MPF Provider shall work to resolve any data discrepancies and Exceptions. Upon reconciliation of any data discrepancies and Certification Exceptions outlined in Chapter 6.3 of this Custody Manual, the Custodian shall certify that the Collateral Files in its possession satisfy the requirements of Initial Certification.

6.2.3 Final Certification for Government Mortgages

Within twenty-four (24) hours of receipt of the final document package and within twelve (12) months of the date the Government Mortgage is purchased under the MPF Program, the Custodian shall review the Collateral File in accordance with Chapter 6.4 of this Custody Manual. The Custodian must complete the Final Certification using the eMPF Website as described in Chapter 5.3.4 of this Custody Manual.

6.2.4 Recertification

All Collateral Files that have been released and returned to the Custodian must be recertified by the Custodian within one (1) Business Day of receipt by the Custodian in accordance with the criteria and procedures outlined in Chapter 6.5 of this Custody Manual.

6.3 Initial Certification Process

The Initial Certification procedure used to review all Conventional and Government Collateral Files delivered under the MPF Program is specified in Exhibit K..

6.4 Final Certification Process

The Final Certification procedure used to review all final document packages for Government loans delivered under the MPF Program is specified in Exhibit L..

Recertification Process Recertification of a Collateral File is required as a result of:

- A transfer of Servicing which leads to a change in Custodian
- A change in Custodian
- A deregistration of a Mortgage from MERS
- A release and return of a Collateral File to a Custodian

6.5 Recertification Process

Recertification of a Collateral File is required as a result of:

- A transfer of Servicing which leads to a change in Custodian
- A change in Custodian
- A deregistration of a Mortgage from MERS
- A release and return of a Collateral File to a Custodian

The recertification process confirms that the required Collateral File has been received by the Custodian and meets the MPF Program's certification requirements.

If custody for Government Mortgages is transferred to a new Custodian prior to Final Certification, the new Custodian is required to complete both Initial and Final Certification as described in Chapters 6.3 and 6.4 of this Custody Manual.

6.6 Resolving Exceptions

All Collateral Files submitted for Initial Certification are required to be free of Exceptions. For final document packages submitted for Final Certification and recertification, the Custodian shall work with the PFI to resolve all Exceptions. The MPF Provider may authorize the Custodian to correct any Exceptions, and the MPF Provider may direct the Custodian not to cite a specific Exception. If an Exception with the Collateral File is noted and not resolved within ninety (90) days of notification to the PFI, the Custodian must notify the MPF Provider. For Mortgages determined by the Custodian to not meet the documentation requirements of the MPF Program, provisions of Chapter 15.3.2 of the MPF Traditional Selling Guide shall apply.

CHAPTER 7. TRANSFERRING DOCUMENTS TO A NEW CUSTODIAN

7.1 Transfer of Servicing and Transfer of Custody

When a Collateral File is transferred to a new Custodian either because the PFI transfers its Servicing to another PFI (the “New Servicer”) who elects to use a new Custodian or because a new Custodian is designated by the PFI or the MPF Provider, the new Custodian must enter into a new Custody Agreement with the MPF Provider unless there is a current Custody Agreement between the MPF Provider and the new Custodian that is in full force and effect.

For Government Mortgages, if a transfer to the new Custodian occurs after the Initial Certification but prior to the Final Certification for a particular Collateral File, the new Custodian shall immediately review the Collateral File and issue the recertification according to the Initial Certification procedures within two (2) months from the date of transfer. The new Custodian shall issue the Final Certification for Collateral Files within twelve (12) months after the date the Mortgage was purchased under the MPF Program.

If a transfer to the new Custodian occurs after the Final Certification is issued, the new Custodian shall have two (2) months from the date of transfer to issue the recertification.

7.2 Responsibilities of Current Custodian

When a PFI delivers to a current Custodian a request to transfer Collateral Files to a new Custodian, the current Custodian is responsible for:

- Controlling the Collateral Files and maintaining their integrity until they are released to the new Custodian, the PFI or the new Servicer.
- Working with the PFI and the new Custodian to cure all document deficiencies that are unresolved prior to recertification of the Collateral File by the new Custodian.

When facilitating a release, the current Custodian must take the following specific actions:

- Confirm receipt of the MPF Provider’s written approval of the change of custodian.
- Prepare and package the Collateral Files for shipment. For all released Collateral Files, include an executed Request for Release of Documents (Form SG340) with a list of the Mortgage Loans attached.
- Prepare a written notice of the release of the Collateral Files which states “All documents held by [Current Custodian] pertaining to Master Commitment Number [MC#] have been released

to [New Custodian]. The release was made to [Name of Individual at New Custodian who took physical possession] and completed on [Date].” Forward this written notice to the MPF Provider.

- Deliver all the required documentation in a timely manner to assure that any new Custodian will have adequate time to review the files and execute the recertification meeting the required timeframes of Chapter 7.1 of this Custody Manual. The Custodian should use a carrier service that provides tracking services and transit insurance as required in Chapter 15.2.1 of the MPF Traditional Selling Guide.

7.3 Responsibilities of New Custodian

The new Custodian is responsible for reviewing the transferred Collateral Files in a timely manner in order to complete the recertification process as required in Chapters 6.5 and 7.1 of this Custody Manual. The Custodian must:

- Verify the presence of either the original or certified copies of all required documents or an executed Request for Release of Documents (Form SG340) for every Mortgage having documents to be transferred.
- Recertify each Collateral File.
- Resolve all identified discrepancies with the PFI or new Servicer in a timely manner.

CHAPTER 8. LIQUIDATION OF MASTER COMMITMENTS

Within thirty (30) days after Liquidation of a Master Commitment (which means all of the individual Mortgages delivered under the Master Commitment have been liquidated by one means or another), the PFI should send the Custodian a written request to return to it for safekeeping any documents still in the possession of the Custodian which are related to such Mortgages. For the most part, the Custodian will have already released the documents based on receipt of a Request for Release of Documents (Form SG340). The PFI's written Request for Release of Documents will be sufficient for the Custodian to release all remaining records to the PFI.