

# Understanding Document Custodians in Mortgage Lending

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This guide walks you through the what, when, and why—so your team is prepared well before documents are sent out for certification.

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*A Comprehensive Guide by The Housing Assistant*



## Introduction

Document custodians play a critical but often behind-the-scenes role in mortgage lending, especially in the world of secondary markets and loan securitization. If you're delivering loans to Fannie Mae, Freddie Mac, Ginnie Mae, or even private investors, you'll need to work with an approved document custodian. This guide walks you through the what, when, and why—so your team is prepared well before documents are sent out for certification.

## What is a Document Custodian?

A document custodian is a third-party institution that holds original mortgage documents in a secure facility and verifies that they meet investor requirements. They're responsible for reviewing and certifying the promissory note, recorded documents, title policy, and assignments before loans are delivered to investors or pooled into MBS.

## When is a Custodian Required?

Scenario	Is a Custodian Required?
Delivering to Ginnie Mae	Yes – Must use an approved document custodian.
Selling to Fannie Mae or Freddie Mac	Yes – Documents must be certified by a custodian.
Selling to a private investor	Often – Depends on investor contract.
Whole loan sale (servicing retained)	Maybe – Investor may require certification.

## What Documents Does a Custodian Hold?

- Original, signed Promissory Note (with proper endorsement)
- Recorded Mortgage or Deed of Trust
- Title Insurance Policy
- Intervening Assignments (for non-MERS loans)

- Loan transfer letters or final approvals

THA Tip: Never send in incomplete packages. One missing assignment can delay the whole sale!

### **What Does a Document Custodian Actually Do?**

- Verifies the chain of title and correctness of endorsements
- Matches docs to the loan delivery file (data vs documents)
- Ensures that documents were properly recorded
- Certifies the collateral so that the loan can be pooled, securitized, or purchased
- Flags any missing, incomplete, or incorrect documents for resolution

### **Why Document Custodians Matter**

Document custodians are a key control point in the secondary market. Without proper certification, a loan can't be sold or securitized. That means delayed funding, missed pooling deadlines, or even repurchase demands.

THA Tip: Loop your post-closing team in early, don't wait until delivery to figure out what the custodian needs!