

Definitions

Beneficiary:

A beneficiary (also, in trust law, *cestui que use*) in the broadest sense is a natural person or other legal entity who receives money or other benefits from a benefactor. The beneficiaries of a trust are the persons with equitable ownership of the trust assets, although legal title is held by the trustee. The term can also be described as an "*inheritance*" used in the context for the party (heir or heiress) receiving the property related thereto. Beneficiaries in other contexts are known by other names: for example, the beneficiaries of a will are called *devisees* or *legatees* according to local custom.

Issuing Entity:

The issuing entity provides the securities for the investors which purchase the securities from the issuing entity.

Investor:

An **investor** is a party that makes an investment into one or more categories of assets --- equity, debt securities, real estate, currency, commodity, derivatives such as put and call options, etc. - -- with the objective of making a profit.

Debtor:

Person or entity who is or has borrowed money from the lender or bank.

Loan Servicer:

A loan servicer is a public or private entity that collects, monitors and reports loan payments, handles property tax, insurance escrows and late payments, forecloses defaulted loans, and remits payments.

Custodian/Servicer:

Involved in the act of collecting the cash flows as well as distributing them. Custodian also acts as a middle entity between the owners of the securities.

A **Custodian bank**, or simply **custodian**, is a specialized financial institution responsible for safeguarding a firm's or individual's financial assets and is not likely to engage in "traditional" commercial or consumer/retail banking such as mortgage or personal lending, branch banking, personal accounts, ATMs and so forth.

Lender:

The lender is the original entity whom originates the loan to the borrower or also known as the debtor.

A private, public or institutional entity which makes funds available to others to borrow.

Trustee

The trustee is an entity which manages the payments to the holders of the certificates also known as pass through certificates. The trustee basically works for the investors in addition to the trust itself, as a representative, representing them.

Trustee (or the holding of a **Trusteeship**) is a legal term which, in its broadest sense, can refer to any person who holds property, authority, or a position of trust or responsibility for the benefit of another.

Underwriter:

Is the firm which is on wall street who structures the deal. Typically it is a wall street investment firm. They provide the funds and capital to acquire the securities deal. The wall street investment firm who is involved in this transaction layers the deal together in a structured form.

Underwriting refers to the process that a large financial service provider (bank, insurer, investment house) uses to assess the eligibility of a customer to receive their products (equity capital, insurance, mortgage, or credit).

Sponsor:

Is the entity who purchases the loans direct from originators then packages them up into pools and moves forward with the selling of them to depositors.

The Underwriter:

The underwriter creates the securities and arranges to place the various tranches of securities (different classes of certificates) with investors. The underwriter then transfers the mortgage portfolio and securities to the issuer.