

Ginnie Mae Digital Collateral

Frequently Asked Questions (FAQs)

General

Q: What is an eClosing?

A: A process in which mortgage loan closing documents are signed electronically (whether remotely or otherwise), resulting in a set of closing documents, some of which reflect electronic signatures. If an eClosing results in an eNote, then the requirements of the Ginnie Mae Digital Collateral Guide (eGuide) must be met for the eNote to be eligible as collateral for a Digital Pool or Loan Package.

Reference:

https://www.ginniemae.gov/issuers/program_guidelines/MBSGuideAppendicesLib/Appendix_V-07.pdf

Date: 05/06/2022

Q: What is an Electronic Note or eNote?

A: A promissory note that is created, accessed, executed, transferred, and stored through electronic means and meets the definition of a Transferrable Record under the federal Electronic Signatures in Global and National Commerce Act (ESIGN Act) and the Uniform Electronic Transactions Act (UETA). Eligible eNotes are defined in the Ginnie Mae Digital Collateral Guide (eGuide) and created as XML files in the MISMO® SMART Doc® format.

Date: 05/06/2022

Q: What is an eMortgage?

A: A mortgage loan for which the promissory note is an Eligible eNote, as defined in the Ginnie Mae Digital Collateral Guide (eGuide), that was signed electronically on an eClosing platform and registered with the MERS® eRegistry upon execution.

Date: 05/06/2022

Q: What is an eVault?

A: An electronic storage system that uses computer hardware and software to store and maintain eNotes (Transferable Records) and other Electronic Records.

Date: 05/06/2022

Q: What laws form the basis for eNotes and eSignatures?

A: Both federal and state legislation form the legal basis for eNotes and eSignatures. In 2000, Congress passed the Electronic Signatures in Global and National Commerce Act (ESIGN). Forty-nine states and Washington, D.C. have adopted state laws modeled on the Uniform Electronic Transactions Act (UETA). Please consult your legal advisor for more details about these laws.

Date: 05/06/2022

Q: What is MISMO®?

A: MISMO is the Mortgage Industry Standards Maintenance Organization. It is the standards development body for the mortgage industry. Through broad industry collaboration, MISMO creates standards that support solutions to the industry's toughest business, technology and implementation issues. MISMO developed a common language for exchanging information for the mortgage finance industry. MISMO standards are accepted and deployed by every type of entity involved in creating mortgages, and they are required by most regulators, housing agencies, and the GSEs that participate in the industry.

Resource: <https://www.mismo.org/>

Date: 05/06/2022

Q: What is the MERS® eRegistry?

A: An electronic registry (operated by MERSCORP Holdings, Inc.) that serves as the system of record to identify the current Controller and Location of the Authoritative Copy of an eNote, and to identify the Delegatee, if any, who is authorized by the Controller to make certain updates in the MERS® eRegistry on behalf of the Controller. The MERS® eRegistry is currently the only Qualified eRegistry, as defined in the Ginnie Mae Digital Collateral Guide (eGuide).

Resource: <https://www.mersinc.org/>

Date: 05/06/2022

Q: What is eNotarization?

A: A notarial act performed electronically. The two most common types of eNotarization are In-Person Electronic Notarization (IPEN) and Remote Online Notarization (RON).

Date: 05/06/2022

Q: What is Remote Online Notarization?

A: A notarial act performed when a signer appears before a licensed notary using online or audio-visual technology but is not in the physical presence of the notary, for the purpose of signing and notarizing a document or set of documents electronically. Remote Online Notarization is not permitted in all jurisdictions.

Date: 05/06/2022

Digital Collateral Program Application and Eligibility requirements:

Q: What types of mortgage loans are eligible for the Digital Collateral Program?

A: eMortgages for Single-Family forward rate loans, including FHA-Insured Single-Family Loans, VA Guaranteed Single-Family Loans, and RD-Insured Single-Family Loans are eligible for Digital Pools or Loan Packages. Only eMortgages that constitute Initial Purchase Loans or Refinance Loans, with fixed interest rates and level monthly payments, are eligible collateral.

The following loans are ineligible for Digital Pools or Loan Packages, at this time:

- Loans for Home Equity Conversion Mortgages;
- Manufactured Housing Loans;
- Multifamily Loans;
- Loans with payment schedules other than level monthly payments, including Adjustable Rate Mortgages and Graduated Payment Mortgages;
- New York Consolidation, Extension, and Modification Agreement Mortgage loans;
- Mortgage loans in which the Borrower is a trust of any type; and
- Mortgage loans secured by properties in Puerto Rico.

Date: 05/06/2022

Q: What are the requirements for issuers to participate in the Digital Collateral Program?

A: Issuers seeking to participate in Ginnie Mae's Digital Collateral Program must meet the eligibility requirements outlined in **Section 2100.00 of the** Ginnie Mae Digital Collateral Guide (eGuide), submit the issuer application, and obtain Ginnie Mae approval.

Date: 05/06/2022

Q: What are the requirements for eCustodians to participate in the Digital Collateral Program?

A: Custodians seeking to participate in Ginnie Mae's Digital Collateral Program must meet the eligibility requirements outlined in **Section 2200.00 of the** Ginnie Mae Digital Collateral Guide (eGuide), submit the eCustodian application, and obtain Ginnie Mae approval.

Date: 05/06/2022

Q: When can Issuers and Custodians apply to participate in the Digital Collateral Program?

A: The initial application window for participation in the Digital Collateral Program expired on August 15, 2020 (see **Ginnie Mae APM 20-10: Digital Collateral Program Launch**). The next application window will be announced through an "All Participants Memorandum" (APM) or through a "Multiclass Participants Memorandum" (MPM).

APMs and MPMs are sent periodically to Ginnie Mae business partners and are also available on Ginnie Mae's website by going to "Doing Business with Ginnie Mae" and selecting "Issuer Resources".

Resource:

https://www.ginniemae.gov/issuers/program_guidelines/Pages/mbsguideapmslibdisppage.aspx?ParamID=104

Date: 05/06/2022

Q: How do I apply to participate in the DCP as an issuer?

A: During an open application window, issuers can apply by submitting the Issuer Application to participate in the Digital Collateral Program found in the **Ginnie Mae MBS Guide, Appendix V-08** along with all corresponding certifications to DCPA@hud.gov. The application must be signed by an employee of the Issuer identified on the most recent Form HUD-11702. Hard copy paper submissions will not be accepted.

Resource:

https://www.ginniemae.gov/issuers/program_guidelines/MBSGuideAppendicesLib/Appendix_V-08.pdf

Date: 05/06/2022

Q: How do I apply to participate in the DCP as an eCustodian?

A: Before accepting any eNote or any eDocuments from an elssuer, an institution must apply for and receive Ginnie Mae approval to act as an eCustodian. During an open application window, applicants can apply by submitting the eCustodian Application to Participate in the Digital Collateral Program found in the **Ginnie Mae MBS Guide, Appendix V-09** along with all corresponding certifications, via email to DCPA@hud.gov. Hard copy paper submissions will not be accepted.

Resource:

https://www.ginniemae.gov/issuers/program_guidelines/MBSGuideAppendicesLib/Appendix_V-09.pdf

Date: 05/06/2022

Q: Can elssuers and eCustodians submit joint applications?

A: Yes, any elssuer and eCustodian applicants may submit a joint application to participate in Ginnie Mae's Digital Collateral Program by submitting Appendix A and Appendix B of the Ginnie Mae Digital Collateral Guide (eGuide) as a single application during an open application window.

Date: 05/06/2022

Q: Can an elssuer act as its own eCustodian?

A: No, an elssuer is not permitted to act as its own eCustodian. An approved eCustodian must be the custodian of record for all digital pools and loan packages.

Date: 05/06/2022

Q: What are the testing requirements involved during onboarding?

A: Prior to the delivery of any production eMortgages to Ginnie Mae, elssuers and eCustodians are required to successfully complete certain practice transactions in non-production environments of their eVaults and the non-production environment of the MERS® eRegistry as set forth in Section 2630.00 of the Ginnie Mae Digital Collateral Program Guide (eGuide).

Date: 05/06/2022

Q: How will an elssuer receive final approval to begin delivering eNotes to Ginnie Mae?

A: elssuers will receive a notice of conditional approval to participate in the Digital Collateral Program, which details the required test transactions they must complete with their eCustodian. Upon confirmation by Ginnie Mae that such test transactions have been successfully completed, Ginnie Mae will notify the elssuer of the granting of elssuance authority.

Date: 05/06/2022

Q: Does Ginnie Mae provide an approved vendor list?

A: No, but Ginnie Mae will consider providers identified on Fannie Mae's or Freddie Mac's eMortgage Technology Provider Lists as evidence that a given solution meets the requirements for a Qualified eClosing System, eNote provider, and Qualified eVault as detailed in **Sections 2400, 2500 and 2600.00** of the Ginnie Mae Digital Collateral Guide (eGuide).

Date: 05/06/2022

Delivery

Q: What are the general steps for delivery of an eNote to Ginnie Mae?

A: To deliver an eNote for securitization by Ginnie Mae, the elssuer must perform the necessary transaction(s) within the MERS® eRegistry to name Ginnie Mae in the Secured Party field for the corresponding eNote record and deliver a copy of the Authoritative Copy of the eNote to Ginnie Mae's eVault. The elssuer must ensure that, by the time the MERS® eRegistry is updated to

reflect Ginnie Mae as the Secured Party, all other MERS® eRegistry fields are consistent with Ginnie Mae's Pool Certification Requirements.

Date: 05/06/2022

Q: Are there differences in the GinnieNET delivery process for eNotes?

A: No, the GinnieNET package delivery process for eNotes is the same as the process for paper notes. While Ginnie Mae is in a period of systems transition, there is a supplemental file for eNotes that must be provided through Ginnie Mae Operations, which is explained upon program approval.

Date: 05/06/2022

Q: Can paper notes and eNotes be commingled in pools?

A: No, a pool must be either wholly paper notes or wholly eNotes.

Date: 05/06/2022

Q: What position does Ginnie Mae take for an eNote in the MERS® eRegistry?

A: Ginnie Mae should be identified as the Secured Party for an eNote in the MERS® eRegistry.

Date: 05/06/2022

Q: Will the security instrument need to be registered in the MERS® System for the corresponding eNote to be eligible for the Digital Collateral program?

A: Yes, to be eligible collateral for a Digital Pool or Loan Package, the eMortgage must be originated with Mortgage Electronic Registration Systems, Inc. (MERS®) as the Original Mortgagee ("MOM").

Date: 05/06/2022

Q. Does Ginnie Mae accept eSigned and eNotarized Security Instruments?

A: Yes, Ginnie Mae allows for the use of In-Person Electronic Notarization (IPEN) and Remote Online Notarization (RON) for eNotes in Digital Collateral Pools if the criteria outlined in **Section 3250.00** of the Ginnie Mae Digital Collateral Program Guide (eGuide) is met.

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Q: Which Pool Types are eligible for eMortgages?

A: eMortgages that meet the requirements specified in the Ginnie Mae Digital Collateral Program Guide (eGuide) are eligible collateral for Ginnie Mae I Single Family Pools (X SF), Ginnie Mae II Custom Single-Family Pools (C SF), Ginnie Mae II Multi Issuer Pools for Single-Family Loans (M SF) and Multi-Issuer Jumbo Mortgage (MJM SF) Pools. No other pool types are eligible at this time.

Date: 05/06/2022

servicing

Q: Will Ginnie Mae provide a list of approved eSubservicers?

A: A list of approved eIssuers will be added to Ginnie Mae's website. Any of those eIssuers may act as an eSubservicer.

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