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Eligible Loan Types

- FHA Single Family
- VA Guaranteed Single Family
- RD Single-Family
- Fixed Rate
- Monthly Level Payments

Ineligible Loan Types
- HECM Mortgage Loans
- Multifamily Loans
- Manufactured Housing Loans
Participation Criteria for eIssuers

MERS
- MERS® System Member
- Integrated with MERS® eRegistry

elssuer Application
- elssuer ‘Application for Participation’
- Signed by identified employee on Form HUD 11702
- All corresponding certifications
- Email Submission to Ginnie Mae

Active Issuer Requirement
- Must be a Ginnie Mae approved Issuer for three (3) preceding calendar months

eClosing
- Ability to originate and secure Eligible Notes
- System Requirements

Qualified eVault System
- Ability to store and transfer
- Storage Requirements
- Technical requirements

eCustodian Requirement
- Established Relationship
- Ginnie Mae approved

eServicing
- Subject Matter Expertise
- Internal Processes and systems

eNote
- Technical Requirements
- Insuring Agency/Local Laws
- Mandatory eNote Language

Dedicated Personnel
- Identified personnel as primary points of contact
- Collaborates and coordinates with Ginnie Mae
- Delegated authority to implement pool/loan package changes

Good Standing Requirement
- Six months prior to application date:
  - No Notice of Violation (NOV)
  - No Civil Money Penalty (CMP)
## Participation Criteria for eCustodians

### eCustodian Application

All applications and corresponding certifications should be sent to Ginnie Mae for approval.

### Active Custodian Requirement

Applicant must have provided custodial services for a Ginnie Mae Issuer under executed HUD 11715, for at least three (3) months preceding application.

### Good Standing Requirement

Applicant must have not received a notice of violation (NOV), civil money penalty (CMP) or have unresolved field compliance review findings in the six (6) months preceding the application.

### eNote Safekeeping Requirements

Applicant must have the ability to store and/or access to view, copies of eNotes in a Qualified eVault.

### eNote Subject Matter Expertise

Applicant’s staff must have sufficient training and expertise to carry out custodial responsibilities for eNotes.

### MERS® eRegistry Integration

Applicant must be an active MERS® eRegistry Participant and meet all corresponding requirements set forth by MERSCORP Holdings, Inc.

### Personnel Requirements

Applicant must designate a primary point of contact (POC) for collaborating and coordinating with Ginnie Mae during the course of the program.
Submit eIssuer Application to participate in the Digital Collateral Program including all corresponding certifications. Hard Paper submissions will not be accepted. The application must be signed by an employee of the Issuer identified on the most recent Form HUD-11702, and submitted via email to DCPA@hud.gov.

Before accepting any eNote or any eDocs from an eIssuer, an institution must apply for and receive Ginnie Mae approval to act as an eCustodian. Applicants can apply by submitting the eCustodian Application to Participate in the Digital Collateral Program, Appendix B of the eGuide, and send corresponding certifications, via email to DCPA@hud.gov.

Any eIssuer 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 eGuide as a single application.

Note that R&W Agreements are not applicable to Digital Pools and Loan Packages.
eIssuers and eCustodian must have the capability to store copies of eNotes in a **Qualified eVault**, which meets the requirements of the eGuide, including the noted **encryption requirements**.

The system used by an eIssuer to perform eClosings must meet the requirements to be a **Qualified Closing System**.

The **eNote** must be a valid, Version 1.02 MISMO Category 1 SmartDoc, which is generated, displayed, and signed electronically using a Qualified eClosing System, and secured by a **Tamper Seal**.
Digital Equivalents

The below identified documents may be transmitted electronically to a custodian in lieu of a hard copy.

- **HUD Forms**
  - PDF files accepted
- **Electronically Recorded Security Instruments**
  - Electronic image of Security instrument accepted
- **Title Policies**
  - PDF files accepted
- **Chain of Assignment**
  - Loans will be MERS loans with MOM (MERS as Original Mortgagee) Security Instruments

eDocs Accepted as Digital Equivalents of Hard Copy Documents
For the storage of eDocs, eCustodians must use a system that is set up with measures that ensure system integrity.

- eCustodians may use a Qualified eVault for storage so long as the eVault supports the storage, grouping, retrievability and file naming requirements expressed in the eGuide.

- Single Loan(s) must be easily identifiable, grouped, and retrievable.

- eDocs must be stored in an electronic folder or other linking/grouping method.

- Safeguards against malware

- Network Perimeter Security Controls

- Supports one or more authentication methods

- Employs backup and recovery system
**Technical Requirements**

**Qualified eVault**

1. Interfaces and is integrated with MERS® eRegistry and MERS® eDelivery
2. Verifies document integrity including, but not limited to, compliance with eNote DTD eNote Tamper Evident Seals before accepting documents.
3. Logs validations of eNotes and any other SMART Doc® Tamper-Evident Seals and DTDs.
4. Allows Ginnie Mae, eIssuers and eCustodians to validate compliance with eNote DTDs and eNote Tamper-Evident Seal requirements.
5. Supports the registration of the eNote with the MERS® eRegistry within one (1) business day of date of closing.
6. Supports the use of the Secured Party field on the MERS® eRegistry.
7. Has the capability to transfer eNotes and other eDocs to another Qualified eVault using MERS® eDelivery.
8. Distinguishes Authoritative Copies of eNotes from retained or Non-Authoritative Copies of eNotes.
9. Provides a user interface for viewing Authoritative and Non-Authoritative Copies of eNotes.
10. Supports the MISMO industry standard document version in which the eNote was originally created for the life of the loan plus seven (7) years.

**Qualified eClosing System**

1. Supports the verification of the Borrower’s identity.
2. Clearly identifies symbol or process used as Electronic signature by the Borrower and the purpose of the Electronic Signature.
3. Presents Electronic Records in compliance with all applicable state and federal requirements concerning the content, display, and format of information and retention.
4. Clearly identifies the Electronic Record being signed.
5. Captures clear evidence of Borrower’s intent to adopt Electronic Signature and to electronically sign eNote and other Electronic Records.
6. Attaches the Electronic Signature to, or associates the Electronic Signature with, the eNote and any other Electronic Records executed by the Borrower.
7. Attributes Electronic Signature to Applicable Borrower.
8. Includes Borrower’s printed name in visible and legible manner on Electronic Record.
9. Includes date and time stamp of the Borrower’s execution of eNote and any other Electronic Records.
10. Applies a Tamper-Evident Seal to the eNote and any other SMART Doc® after each Borrower signs, and immediately after last Borrower signs.
11. Provides reasonable evidence that electronic records created and maintained by system have not been subject to alteration or unauthorized access.
12. Tracks and logs actions related to the creation, signing, and transferring of the eNote and other Electronic Records.
eNotarization

In-Person Electronic Notarization (IPEN) and Remote Online Notarization (RON) is permitted, if the following criteria is met:

- The Notary public is properly licensed and authorized to perform the notarial act.
- The use of IPEN/RON by the notary is permissible in the state in which the mortgaged property is located.
- The use of IPEN/RON does not inhibit the recordability of the security instrument or any other loan documents which must be recorded in the applicable land records.
- The use of IPEN/RON does not create any exceptions or exclusions in the title policy.
- The platform utilized to facilitate the RON complies with the Mortgage Industry Standards Maintenance Organization’s RON Standards.
Loan Delivery & Certification For Paper Notes

Issuer Closes Loan with paper note

Issuer submits Form HUD 11706, HUD 11711, HUD 11715 & Original note (GinnieNET)

Custodian retrieves Form HUD 11706 from GinnieNET and prints it

Custodian reviews loan documents and ascertains if information is consistent with loans on Form HUD 11706

Custodian prints copy of Form HUD 11706 and places in master file, reflecting wet signature of Custodian

Custodian executes and transmits Initial Certification via GinnieNET, and stores loan documents

Initial Cert? YES

Initial Cert Confirmation

NO

Custodian notifies Issuers of documents which require completeness/correction
Loan Delivery & Certification For eNotes

Issuer Closes Loan with eNote

Issuer Registers eNote on MERS® eRegistry

Issuer Sends Copy of eNote to Custodian & GNMA via MERS® eDelivery

Issuer Sends Form HUD 11711 to Custodian

Issuer Transfers Location to Custodian & Names GNMA as Secured Party

Issuer Submits Form HUD 11705 & 11706 to Loan Delivery System

Custodian Performs Initial Cert Process:
- RHs on MERS® eRegistry
- MIN on MERS® System & MERS® eRegistry Match
- Active on MERS® System & MERS® eRegistry
- eNote matches info on Form HUD 11706
- Form HUD 11711 received

Custodian Logs into Loan Delivery System and provides validation

Initial Cert Confirmation
Final Certification For Paper Notes

Pool Processing Agent notifies Issuer & Custodian of Final Cert. Deadline

Issuer provides Custodian with original recorded mortgages on Form HUD 11706

Custodian reviews and makes decision on validating documents

Custodian ensures copy of Form HUD 11706 is placed in pool/loan package master file and that a copy is maintained in its files.

Custodian executes Final Certification & transmits it over GinnieNET system

Approved?

YES

NO

Ginnie Mae validates Federal Insurance

If no match by Final Certification, BUYOUT

No Final Certification (Issuer submits after remediation)

Approved?
Final Certification For eNotes

Pool Processing Agent notifies Issuer & Custodian of Final Cert. Deadline

Issuer compiles and submits Trailing Documents (e.g., Security Instrument, Title Policy) to Custodian

Custodian accepts Trailing Documents
- Verifies Rightsholders on eRegistry
- Verifies Security Instrument against Form HUD 11706
- Active on MERS System & MERS® eRegistry
- Evidence of Reconciliation
- Title Policy Received

Issuer compiles and submits Trailing Documents (e.g., Security Instrument, Title Policy) to Custodian

Custodian logs into delivery system to confirm Certification

Has Custodian verified Issuer’s submission & MERS® status?

Ginnie Mae validates Federal Insurance

If no match by Final Certification, BUYOUT

Final Certification posted/confirmation captured by PPA

No Final Certification (Issuer resubmits after remediation)
## Timeline

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Ginnie Mae’s RFI was published and open for feedback on October 25\textsuperscript{th}. There was an ensuing 30-day review and feedback period.

The eGuide and APM will be published June 2020.

Ginnie Mae, will release the Participant Applications as an addendum to the eGuide.

Prior to initial loan delivery and certification, issuers and eCustodians must successfully complete practice transactions in the MERS® eRegistry.

Participant Agreements must be signed prior to pooling.
General Questions & Answers
When will the Digital Collateral Program begin, i.e., when can Issuers begin closing eligible eNotes?

Ginnie Mae plans to begin accepting applications for participation in June.

Will Ginnie Mae provide a link to the list of registered participants for this presentation?

No.

Will there be a recording of this webinar available?

No, a recording of this presentation will not be available, but the visual presentation will be posted on Ginnie Mae's website.
Questions on Program Integration

Once applications are being accepted, can anyone who gets approved start utilizing eNotes, or will there be a pilot?

Yes, once an Issuer is accepted into the Digital Collateral Program, they can securitize eNotes.

Will existing collateral be turned into an eNote, or will this only apply going forward?

Ginnie Mae does not permit the conversion of existing paper notes into eNotes. eNotes that are eligible must meet the requirements specified in the MBS eGuide, section 2500:

- Technical Requirements
- Insuring Agency and State and Local Law Requirements
- Mandatory eNote Language
- eNote Heading
- Required eNote Clauses
- Approved Electronic Signature Format
Are there restrictions on electronic modifications?

Ginnie Mae's requirements for modifications will apply to all mortgages in the Digital Collateral Program and remain unchanged at this time.

If Ginnie Mae is registered as the Secured Party, then will the Controller remain in the Issuer's name?

Yes.

What is the final certification deadline for eNote pools?

The initial participants in the Digital Collateral Program will be asked to adhere to a shorter (6 month) timeframe. This will help Ginnie Mae test and solidify its internal processes. Once this test period is finished, the final certification requirements will be aligned to final certification requirements for paper notes.
Questions on Participation in the Program

Is there an eCustodian approved provider list?

There is no list at this time, but interested parties should refer to the approved Document Custodian Directory regarding their plans on becoming an eCustodian.

Will Ginnie Mae accept alternative title products in electronic form for a title policy?

Ginnie Mae's existing title policy coverage requirements remain unchanged for paper notes and eNotes except that upon launch of the Digital Collateral Program, Ginnie Mae will allow Issuer's to provide evidence of coverage through digital equivalents.
Questions on Integrating Paper Notes and eNotes

After a copy of the recorded electronic security instrument is delivered and it is accepted, can the paper original then be destroyed?

No, paper copies of the original security instrument must be maintained by the Issuer's document custodian at this time.

Will eNotes need to be pooled separately from paper notes?

Yes, but this is not expected to be a permanent restriction.

Are we able to co-mingle paper notes with eNotes in pools?

No, a pool must be either wholly paper notes or wholly eNotes.
Questions on MERS eRegistry

What position does Ginnie Mae take for an eNote in the eRegistry?

Ginnie Mae should be identified as the Secured Party for an eNote in the eRegistry.

Will all eligible eNotes need to be registered in MERS?

Yes.

Will the security instrument need to be registered in the MERS system for the corresponding eNote to be eligible for the Digital Collateral program?

Yes.