

July 16, 2020

APM 20-10

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Seth Appleton, Principal Executive Vice President

SUBJECT: Digital Collateral Program Launch.

In June 2018, Ginnie Mae announced it would start developing and implementing the policy, technology, and operational capabilities necessary to accept electronic promissory notes and other digitized loan files as collateral for Ginnie Mae securities (Digital Collateral). To that end, Ginnie Mae collaborated extensively with industry stakeholders in developing the policies and processes governing the securitization of Digital Collateral in the government-backed industry segment. Ginnie Mae also recognizes that allowing Digital Collateral for its MBS is necessary more than ever as a key strategic initiative that is responsive to the impacts of the COVID-19 pandemic. Today, Ginnie Mae is announcing the launch of the initial phase of its Digital Collateral Program.

As part of this initial phase, Issuers may apply to participate as elssuers and begin securitizing government-backed mortgages comprised of Digital Collateral with Ginnie Mae approval. The requirements and processes that govern participation in the Digital Collateral Program are detailed in the Digital Collateral Program Guide (eGuide), Appendix V-07 of the MBS Guide. Ginnie Mae will work closely with approved elssuers to identify MBS Program updates that may be needed to achieve greater industry adoption of eMortgages and instruct subsequent phases of its Digital Collateral Program.

Please note that all Issuers seeking approval, will need to have an established relationship, evidenced by a duly executed Form HUD-11715 Master Custodial Agreement, with a Document Custodian that is also approved by Ginnie Mae to serve as an eCustodian. Both the elssuer Application to Participate in the Digital Collateral Program and the eCustodian Application to Participate in the Digital Collateral Program have been published as Appendix V-08 and Appendix V-09 of the MBS Guide, respectively. Interested Issuers and Document Custodians may submit their applications individually or jointly. All applications to participate in this phase of the Digital Collateral Program must be submitted to Ginnie Mae via email at DCPA@hud.gov no later than August 15, 2020.

Ginnie Mae will begin reviewing applications on a rolling basis beginning on July 20, 2020. If approved, elssuers and their eCustodian will need to complete a series of test eNote transactions with Ginnie Mae. Upon successful completion of the test transactions, Ginnie Mae will grant in writing eMortgage Issuance Authority, which will govern and limit the number of eMortgages (regardless of the principal balance associated with each loan) that may be securitized by that elssuer during the initial phase of the Digital Collateral Program. Please note



that there will not be costs or fees associated with the provision of eMortgage Issuance Authority.

The Digital Collateral Program Guide, Appendix V-07, the eIssuer Application to Participate in the Digital Collateral Program, Appendix V-08, and the eCustodian Application to Participate in the Digital Collateral Program, Appendix V-09 of the MBS Guide have been published and are effective immediately. Please submit any questions or concerns you may have about this announcement to DCPA@hud.gov.



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