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APM 14-01

February 27, 2014

To: All Participants in the Ginnie Mae Programs  
From: Theodore W. Tozer, President  
Subject: Electronic Notes and Mortgages

Through Mortgagee Letter 14-03 dated January 30, 2014, the Federal Housing Administration (FHA) announced that it will begin accepting electronic signatures on most loan documents, including loan disclosures and loan servicing/loss mitigation related documentation. In the portion of the Mortgagee Letter specifying the documents for which FHA will accept electronic signatures ("Authorized Documents"), the acceptance of electronic signatures for the Note was delayed until December 31, 2014. This delay reflects considerations that are necessary in connection with electronic notes (eNote) and electronic mortgages (eMortgage).

An electronic signature is a signature that is applied or affixed to a document by electronic means. The use of electronic signatures results in electronic documents, of which eNotes and eMortgages<sup>1</sup> are examples. Scanned images of paper documents that bear a physical, or "wet", signature are not electronically signed or electronic documents. Thus, electronic documents present unique challenges to implementation.

Ginnie Mae is concerned with maintaining the liquidity and negotiability of its pools and the individual mortgage loans contained therein. Therefore, Ginnie Mae' current policy does not allow electronic signatures or electronic documents on Notes, Security Instruments, or Loan Modification agreements. Ginnie Mae is currently exploring the issues associated with these electronic instruments, and during 2014 will be working to develop appropriate program standards to facilitate their use. As part of this process, Ginnie Mae will request input and

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<sup>1</sup> The term eMortgage is also used to refer to a mortgage loan where the critical loan documents – at a minimum the promissory note, and preferably also the security instrument and other closing documents – are created electronically, executed electronically, transferred electronically, and stored electronically. (Source: Mortgage Bankers Association)



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feedback from Issuers, Document Custodians, title Insurers, legal experts, and Investors as it works through the issues involved.

Please direct any questions you may have to your Ginnie Mae Account Executive in the Office of Issuer and Portfolio Management at (202) 708-1535.