



Presentation to the Mortgage Bankers  
Association of America  
Document Custody Conference  
Ginnie Mae Update

Seattle Washington  
September 19, 2006

# Agenda

- E-Notification
- Web-Based Ginnie*NET*
- E-Vault
- Most Common Findings

# Ginnie Mae's E-Notification Project

- Ginnie Mae is eliminating all paper correspondence with issuers and custodians
- Each issuer and document custodian should have already registered at least one user on e-Notification. If not, please do so at [www.ginniemae.gov](http://www.ginniemae.gov), under "What's New"
- Ginnie Mae strongly encourages issuers and custodians to provide an e-mail address so they can be alerted when notifications have been posted to their e-Notification box

# Ginnie Mae's E-Notification Project

- Choosing not to provide an e-mail address does not relieve the issuer or custodian of their responsibility to check their e-Notification box regularly
- For document custodians, e-Notification will be the only method by which all information currently sent by Ginnie Mae can be received



# Ginnie Mae's E-Notification Implementation

Beginning September 1, 2006, the e-Notification method is the only method of notification used for the following functions:

Pool Processing Functions	Payment Function	Securities Transfer Function
<b>Certification Function – Initial, Final and Recertification Approval Letters</b>	RPB Exception Report Function	SSCRA Function
<b>Document Custodian Function – Assignment of ID Number</b>	Loan Level Reporting Function	<b>APMs, Guide Changes, Training, Other Notifications</b>

## GinnieNET on the Web (Version 7.0)

- Signature tablets and pens will be replaced with fingerprint biometrics
- Electronic pooling of both single-family and multifamily loans via the Internet
- Effective for pools issued October 1, 2006 and thereafter
- Benefits: No mailing of CDs for new releases of GinnieNET, and more timely implementation of new functionalities and programs

# GinnieNET on the Web (Version 7.0)

- There are investor reporting and certification limitations in this initial release:
  - Custodians cannot finally certify or recertify pools
  - Issuers cannot submit forms 11710D, 11714, 11714SN and 11748C
- For multifamily loans pooled electronically, document custodians must use the new web-based GinnieNET

## GinnieNET on the Web (Version 7.0)

- Single family issuers and their custodians may continue using the current GinnieNET Version 6.2 until full functionality exists for Version 7.0
- Issuers may also use the existing desk top and web-based GinnieNET versions together, one for pooling and one for investor reporting and certification
- Single family issuers and custodians may also choose to enroll now but not use web-based GinnieNET until full functionality exists with Version 7.1

# GinnieNET on the Web – Training and Enrolling

- The final training session will be offered for multifamily issuers and their custodians on September 26<sup>th</sup> in Chicago from 9:00 am to noon.
- The final chance for all issuers and document custodians to enroll for Version 7.0 will be September 26<sup>th</sup> in Chicago from 1:00 pm to 5:00 pm
- Full functionality will exist with Version 7.1, to be released next year. Additional enrollment opportunities will be announced prior to release

# Document Custodian Requirements for Storage of Electronic Documents

## Eligibility Requirements

- Institution must make formal application to and receive approval from Ginnie Mae in order to act as an approved eCustodian
- Ginnie Mae's approval of a traditional document custodian and an eCustodian are two different and unique custodial approval levels within Ginnie Mae
- Based upon information supplied during the application process Ginnie Mae will determine if applicant meets Ginnie Mae's requirements

# Document Custodian Requirements for Storage of Electronic Documents

## eVault Requirements

- eCustodian must use a secure electronic storage system for day-to-day safekeeping of eDocuments held on Ginnie Mae's behalf
- Ginnie Mae defines both functional and audit requirements for the eVault
- Ginnie Mae permits third party vendor eVault solutions

# Document Custodian Requirements for Storage of Electronic Documents

## Defined Terms

- Ginnie Mae will be the Controller for all e-Notes delivered to us and will accept the eNotes through the MERS® eRegistry
- We will name the pooling issuer as the “Delegatee”, authorized to do all activities currently performed by issuers
- The document custodian holding the “Authoritative Copy” of the eNote will be designated as the “Location”
- Through the use of the MERS® eRegistry, Ginnie Mae will change Delegatee and/or Location when required

# Document Custodian Field Review Results

## Most Frequent Findings

- Most Frequent Findings – High Risk
  - Finding: Document custodian could not provide written attestation from the fire marshal, its insurance company, an architect, a building contractor, or a fire protection contractor stating that the facility where the pool documents are located provides the minimum 1.5 hour fire resistance
  - Finding: Document custodian did not immediately notify Ginnie Mae of unresolved reconciling differences noted during the annual inventory that remained unresolved for more than 120 days after notifying the issuer
  - Finding: Document custodian does not have a policy regarding the replacement of lost or missing documents, including issuer notification
  - Finding: Document custodian does not possess a written and updated policies and procedures guide accurately reflecting Ginnie Mae's custodian standards in accordance with Ginnie Mae's Guide 5500.3
  - Finding: The promissory note or other evidence of indebtedness is not present in the loan file and an original form HUD 11708 Request for Release of Documents is not present for the selected loan(s)

# Document Custodian Field Review Results

## Most Frequent Findings

- Most Frequent Findings – Low Risk
  - Observation: None of the three documents (title policy, original or clerk certified copy of the recorded mortgage, and evidence of Agency insurance or guaranty) were found for certain loan(s) tested in uncertified pools
  - Finding: The Errors and Omissions Policy and/or Fidelity Bond failed to have an endorsement naming Ginnie Mae as loss payee
  - Finding: Form HUD 11708 is incomplete or incorrectly prepared
  - Finding: For the selected pool(s) that have been final certified, the mortgagee title insurance policy does not contain an adequate amount of insurance coverage for the selected loan(s)
  - Finding: For the selected pool(s) that have been final certified, an acceptable form of title insurance is not present in the loan file and an original form HUD 11708, Request for Release of Documents, is not present for the selected loan(s)
  - Finding: The name of insured on the title policy is incomplete



**Ginnie  
Mae**

THANK YOU FOR YOUR ATTENDANCE!

