

**eExperiences: Implementing an Electronic Vault**

GMAC Bank:  
Electronic Vault Initiative



# Introduction



## **Custodian Electronic Vault Experience**

- Build or Buy?
- Service Provider or Manage in-house?

## **GMAC Bank Electronic Vault**

- Implemented a vendor software package
- Manage the electronic vault and application internally

## What is an eDocument?

- “An electronic document (eDoc) is intended to provide an equivalent to a paper document without a need for printing. The desire for a paperless environment has been a key driver in the evolution of the eDoc formats from imaging to electronic records. Legislatively, ESIGN and UETA similarly define an electronic record as a record ‘created, generated, sent, communicated, received, or stored by electronic means.’”

“eMortgage Guidelines and Recommendations”, MISMO.org,  
<http://www.mismo.org/files/mismo/MISMOeMortgageGuidev2.0Final.pdf>,  
accessed July, 2007

## What is an eMortgage?

- An eMortgage, is “A mortgage where the critical loan documentation, specifically the promissory note, is natively electronic and has been signed electronically.”

“The benefits of eMortgage and Next Steps for Adoption”,  
FreddieMac.com,

[http://www.freddiemac.com/singlefamily/elm/pdf/emortgage\\_white\\_paper.pdf](http://www.freddiemac.com/singlefamily/elm/pdf/emortgage_white_paper.pdf), accessed July 2007

## What is an electronic vault?


- “Electronic Vault is a transferable records management solution that meets ESIGN, UETA, and other compliance requirements. The concept is similar to a paper vault run by the document custodian industry today. Because there will be multiple electronic vaults, there is a need for national registry service (MERS eRegistry) to manage the authoritativeness of records. In addition to transferable records, the solution may support other types of eDocuments.”

“eMortgage Guidelines and Recommendations”, MISMO.org,  
<http://www.mismo.org/files/mismo/MISMOeMortgageGuidev2.0Final.pdf>  
, accessed July, 2007

# Presentation Outline

1. Industry state
2. Drivers
3. Project Scope
4. Project Approach
5. Project plan
6. Critical Application Requirements

# Presentation Outline

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7. Performance to plan
  8. Implementation – Go live!
  9. Challenges
  10. Lessons learned
  11. Next Steps
  12. Important items for a custodian exploring electronic vault to consider

## Industry State in 2005

- While eMortgages were not yet the norm, the necessary technical infrastructure requirements to support the use of eMortgages continues to be defined by MISMO.
- In October 2001, MISMO released their first eMortgage Guidelines and Recommendations document.
- In March 2005, MISMO released their initial “eVault Implementation Guide” that aggregated recommendations, requirements and specifications from across the industry.

## Industry State in 2005

- The mortgage industry continues to move toward the use of eMortgages, evidenced by movement toward adoption and increasing progress from MISMO eMortgage Working Group.
- Industry research supports the move toward a virtually electronic industry, with a projected reduction in origination costs of \$249 per loan.
  - "MISMO Executive Summary", MISMO.org, <http://www.mismo.org/files/mismo/MISMOT&MExecutiveSummary.pdf>, accessed July 2007

## Industry State in 2005

- **Milestones**
  - Agencies begin to purchase eMortgages
  - By 2004, multiple technology companies began delivering solutions that support the e-Mortgage effort
  - By 2005, lenders had conducted electronic closings

# Project Drivers

## Short term

- To be an early adopter of electronic vault technology
- To emphasize and influence the role of custodians in holding eDocuments

## Long term

- Influence industry adoption
- Desire for a paperless environment

# Project Scope

## Project Purpose

Implement an electronic vault technology solution to enable GMAC Bank to perform custodial services, satisfy regulatory requirements and meet agency eligibility requirements as a custodian for eNotes.

# Project Scope

## Critical Success Factors

- Support the secure storage of eNotes
- Integrate with MERS eRegistry
- Security to meet all regulatory and agency requirements
- Legal/Compliance approvals of the electronic vault requirements
- Ability to support hybrid (paper and electronic) operations
- Ability to view eNotes

# Project Scope

## Critical Success Factors

- Infrastructure platform to support eNotes
- Capacity to store a volume of eNotes that is consistent with industry projections
- Comprehensive business continuity and disaster recovery plans
- Administrative Support
- Training, Documentation and Policies & Procedures

# Project Scope

## Assumptions

- Technology would be a vendor solution
- Business subject matter experts fully engaged
- IT priority and IT staff assigned to all project phases
- Initial rollout of the electronic vault will support the secure storage of eNotes
- Investor Requirements are identified or are being actively developed/refined

# Project Scope

## Assumptions

- Business requirements are validated from a legal and compliance perspective and meet agency requirements
- There may be additional non-SMART documents associated with any given eNote maintained in the vault
- The business can support pools with both paper and eNotes

# Project Scope

## Dependencies

- An appropriate vendor would be available to provide the electronic vault product
- IT resources must be available to support this initiative
- Partners and investors will be ready
- Overall industry acceptance

# Project Approach

## Project Approach

- Business Owned/ Managed
- Project Team – Business & IT partnership
- Project Delivery Methodology
- Cost benefit analysis

# Project Planning

## Project Stages

- Discover – initial project definition
- Define – business requirements
- Analyze – RFI
- Design – technical requirements
- Produce – testing & integration
- Deploy – go live!

# Critical Application Requirements

## Business Requirements

- 'As is' and 'to be' process definition
- Agency requirements – technical and operational
- Internal and Vendor Documentation
- Business Continuity Planning

# Critical Application Requirements

## Feature Requirements

- Functional and information requirements – data elements
- Integration requirements
- Reporting requirements
- Ease of use
- Data viewing, validation & manipulation
- Business unit documentation and process requirements

# Critical Application Requirements

## IT Operational Requirements

- Application Support
- Application Security
- Physical security – within the Data Center
- Intrusion detection – penetration tests
- Confidentiality – data encryption

# Critical Application Requirements

## Performance Requirements


- Capacity & responsiveness
- Availability
- Scalability
- Hardware – Network design
- Disaster Recovery IT support requirements

# Performance to Plan

## Key Milestones for Project

- Initial Vendor RFI process
- Completed Gap analysis
- Receive approvals
- Technical Design
- Execute Testing
- Go Live

## Implementation – Go Live!

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- Electronic vault is compliant with agency requirements
  - Validation electronic monitoring system for all parties via MERS eRegistry
  - Automation of data comparison processes
  - Minimize fraud, data tampering
  - Opportunity to engage new customers who originate eMortgages or require other eDocument services

# Challenges



- Finalizing the “to be” process
- Technical requirements not fully defined-continuing to evolve
- Integration with internal and third party systems
- Resources – no electronic vault subject matter experts

## Lessons Learned

- Integration of new Project Team Members
- Partnering technical resources with solid business skills with critical business SME's
- Design the system with a small focus group of SME's
- Updated, easy to find documentation of all technology decisions
- Iterative approach to defining the design & implementation

# Next Steps




- New business development
  - attracting new clients
  - develop new services offerings
- Identify enhancements and additional automation opportunities
- Support eMortgage initiatives within the industry

# Key Considerations

## Important items for a custodian exploring eVault to consider

- Plan carefully and completely
- Understand your goals and requirements
- Key partners and/or vendors
- Corporate Support

# GMAC Bank Electronic Vault



## Questions & Answers