



425 3rd Street, SW,
Fifth Floor
Washington, DC 20024
Washington, DC 20024
(202) 708-1535

Ms. Jamie Dickinson
OMB Desk Officer
Office of Management and Budget
New Executive Office Building
Washington, DC 20503

Dear Ms. Dickinson:

The Department is seeking emergency review of the Paperwork Reduction Act requirements contained in the Digital Collateral Program applications (Request). The Notice of Paperwork Submission (copy enclosed), proposed for immediate *Federal Register* publication, explains the burden of the collection requirements, and invites public comments on them. This is a new information collection.

In compliance with the requirements of 5 CFR 1320.13, this letter requests emergency processing within 45 days from the date of publication. This emergency processing is essential to the immediate implementation of the Digital Collateral and eIssuer program that permits electronic notes (eNotes) and mortgages (eMortgages). Currently, the program is in a pilot phase, and the plan to roll out has been accelerated due to the on-going COVID-19 National Emergency and ensuring market liquidity for Mortgage Servicing Rights (MSRs) derived from Mortgage-Backed Securities (MBS) backed by eMortgages. The ability to conduct business—in this case, mortgage lending—electronically, rather than in person has become critically important to helping consumers and businesses to safely conduct transactions to buy or refinance homes. In addition, allowing eNotes and eMortgages allows deployed servicemembers to participate directly in financing a home.

Recent market developments, especially increased volatility, has accelerated the need to exit the pilot phase and expand the eIssuer program. Mortgage Servicing Rights that stem from Ginnie Mae MBS backed by pools of eligible mortgage loans, comprise the largest assets on Issuer (servicer) balance sheets. Issuers buy and sell MSRs to manage their financial and business conditions, and a consistent and liquid market is needed to do so effectively. The current ability to issue MBS backed by eMortgages and hold MSRs derived from those MBS is limited to a few pilot participants, which severely constricts liquidity for MSRs and limits opportunities for borrowers. Ensuring that the market for Ginnie Mae MSRs remains robust and liquid is critically important to managing risk to Ginnie Mae. If an Issuer cannot sell or buy MSRs when needed, it could lead to default, which will expose Ginnie Mae to losses.

While the Digital Collateral Program is an extremely valuable tool for both borrowers and lenders, it also has specialized requirements, which is why we are making this request. An



Mailing Address
451 Seventh Street SW, B-133
Washington, DC 20410

eNote is not simply an electronic signature, it is an electronic negotiable instrument. The electronic copy, called the “Authoritative Copy” is only valid in its electronic form and must be stored, tracked, and maintained electronically. Since the storage and maintenance of an eNote is quite different from that of a paper note and is dependent on technological capability. Due to these specialized considerations, Ginnie Mae needs to be able to assess Ginnie Mae Issuer and Document Custodians (program participants) technological capabilities to issue and service Ginnie Mae MBS backed by eNotes and eMortgages, To do so, Ginnie Mae needs to collect the information requested to evaluate the Issuer’s capabilities, and has developed application forms for eIssuers and document custodians. Additionally, due to the unique nature of the eNote, the Request for Release of Secured Party that is needed to ensure proper possession and ownership of the eNote at all times, is different from that currently utilized in Ginnie Mae’s standard program.

With mortgage loans being originated and closed on a daily basis throughout the nation, and ongoing market volatility, the necessity for immediate expansion of the eIssuer and Digital Collateral programs is critical to protecting homeowners and Ginnie Mae’s Guaranty.

Thank you for your consideration and assistance.

Sincerely,

Sam I. Valverde
Executive Vice President & COO

Enclosures



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451 Seventh Street SW, B-133
Washington, DC 20410