



# Open for Business: Fannie Mae's Involvement in eMortgages

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EFSC/Glasser Legal Works Seminar on  
Electronic Records and Electronic Signatures  
Washington D.C.  
November 9, 2004

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## eMortgage Enablers

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- Appropriate legislative/regulatory framework
- Data/document standardization
- Investor Interface

## Fannie Mae's Pursuit of eMortgages

- Industry wide eMortgage Standards-setting/related initiatives
  - MISMO data/document eMortgage specifications (SMARTDOCs)
  - MBA/MERS eNote Registry Efforts
  - PRIA
  - EFSC/SPeRS
  - LegalXML eNotary TC/ABA SciTech eTrust WG
- Policy Drivers
  - Lender Announcement 02-01
  - Lender Announcement 02-08



## Announcement 02-01, Jan. 2002

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- Addressed eMortgage precursors
  - Electronic records between Fannie Mae and Lenders
    - *e.g.*, MORNET transmission
  - Electronic records between Lenders and third parties
    - *e.g.*, appraisal report
- Did not address
  - eMortgage transaction
    - *e.g.*, note and security instrument



## Announcement 02-01

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- Electronic records between lenders and 3d parties
  - Lenders may use electronic means for the loan paperwork (loan application, verification of employment, appraisal, etc.)
  - Requirements
    - parties must agree to electronic record
    - electronic signatures must be “attributable” to the signer
    - must retain evidence of signature
    - data integrity



02-01

- Document Retention and Storage
  - Lenders may convert certain paper records to electronic form
  - Must be able to reproduce a clear copy that reflects whole document
  - Must retain documentation that explains business process to convert paper to electronic
  - Servicer must work with any transferee servicer on conversion
  - For quality assurance reviews we will work with lender to avoid necessity of reducing file to paper



## Announcement 02-08, June 2002

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- Established framework for sale/delivery of eMortgages to Fannie Mae
  - Most conventional first mortgages can be eMortgages
  - Includes cash/MBS deliveries where Master Agreement amended
  - XHTML-based eNotes & other eRecords; most eSignatures accepted
  - Delivery effected in part through industry wide, or National, eNote Registry system-based solution to Sec. 16 conundrum



## 02-08 on Delivery & Servicing Interoperability with Existing Process Environment

- MORNET data feed with SFC 508
- May commingle eMortgages and pMortgages in pools
- Certification facilitated with eNote certification copy provided to document custodians
- Servicing eMortgages similar to pMortgages except for certified copies, use of network attorneys for foreclosures

## So, Where Do We Go From Here?

- Up, But No Hockey Stick (Handle) Just Yet
  - Post-refi originator ramp-up
  - Lender/Consumer learning curve
- Participate in industry standards development efforts
  - MBA/EFSC Role
- Develop legal “last mile”
  - “Electronicizing” paper-biased statutory frameworks
    - URPERA, PRIA
- Seize on Investor Readiness
  - Uniform eNote Clause
  - Additional guidance forthcoming



# Q&A

Thanks!

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