

Ginnie Mae guarantees first digital MBS

Backs \$24 million in mortgages originated by Rocket Mortgage

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Ginnie Mae [announced](#) its first guarantee of a mortgage-backed security backed by digital pools, or pools of loans that consist entirely of eNotes. The MBS were loans closed by **Rocket Mortgage** in December, are issued as of Jan. 1, 2021 and have coupon rates ranging from 2.5% to 3.5%. The total principal value of the digital pools came to about \$24 million.

“The issuance of securities backed by digital pools validates the viability of the securitization model outlined in our Digital Collateral Program and sets the foundation for broader and more rapid adoption of digital mortgages,” said Angel Hernandez, Ginnie Mae director of policy and program development, who has spearheaded the company’s Digital Collateral Program. “This event is the culmination of efforts by numerous internal and external stakeholders in our digital initiatives, including issuers, document custodians, warehouse lenders, technology providers and other industry partners.”

Ginnie Mae said it expects to see escalating levels of growth in the volume of eNotes securitized under its MBS Program for 2021. In December, Rocket Mortgage [became the first lender](#) to use eNotes in closing a Ginnie Mae-Ginnie Mae [launched](#) the pilot program in 2019, paving the way for the agency to accept eNotes as satisfactory collateral for its mortgage-backed securities.

Last summer, **Vice Capital Markets** Principal Chris Bennett and **Mid America Mortgage** CEO Jeff Bode explained the significance of Ginnie Mae’s eNote adoption in a [commentary blog](#) for HousingWire:

“There is much to celebrate regarding Ginnie Mae’s recent announcement that it will begin accepting eNotes (or digital collateral) from its approved issuers,” it said. “The move provides a vital source of eNote liquidity that, combined with eNote acceptance by **Fannie Mae** and **Freddie Mac**, finally tips the ROI scales in favor of eNote adoption.”

Rocket Mortgage agreed that the housing industry will soon see higher adoption rates of the digital mortgage, saying Ginnie Mae’s program could even become much more popular by the end of 2021. “The strategy would be to continue to ensure that the process is solid, that it’s working appropriately, that consumers are enjoying the process, and then build it out to be at scale,” Rocket Mortgage Executive Vice President of Capital Markets Bill Banfield told HousingWire earlier this year. “Eventually, I think what you’re going to see is the entire industry adopts this as a method of closing, because it’s really a better consumer experience.”

Previously, eNotes couldn’t be used to close VA, FHA or other Ginnie Mae-backed loans. In fact, experts cite eNotes as the [single greatest factor](#) standing in the way of widespread acceptance of remote online notarization – often the final step needed to secure a fully digital closing.