Ginnie Mae Overview: Who We Are

- Government National Mortgage Association (GNMA or Ginnie Mae)
- Established as a corporation within HUD by the Housing & Urban Development Act of 1968*
- Effectively split from Fannie Mae, which was created in 1938 in response to the Great Depression
- Mission is to expand affordable housing by linking global capital markets to the U.S. housing finance markets

*HUD Act [12 USC § 1716b]
Working with Ginnie Mae
Ginnie Mae’s Mission

• To expand affordable housing in America by linking global capital markets to the nation's housing markets.
# Comparison of Ginnie Mae to the GSEs

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Ginnie Mae</th>
<th>GSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ginnie Mae is a government corporation within HUD, wholly owned by the U.S. Government.</td>
<td>Corporations that were chartered by Congress, but owned by private common and preferred stockholders.</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Business Model</th>
<th>Ginnie Mae</th>
<th>GSEs</th>
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</thead>
<tbody>
<tr>
<td>Ginnie Mae does not hold a portfolio or purchase mortgage loans, nor does it buy, sell or issue securities. Private lending institutions approved by Ginnie Mae issue the Ginnie Mae MBS.</td>
<td>The GSEs purchase mortgages to hold in their own portfolios, issue MBS on a swap basis and corporate debt.</td>
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</tbody>
</table>
### Comparison of Ginnie Mae to the GSEs (cont.)

<table>
<thead>
<tr>
<th>Credit Enhancement</th>
<th>Ginnie Mae</th>
<th>GSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FHA / VA/ RHS/ PIH</td>
<td>Private Mortgage Insurers</td>
</tr>
<tr>
<td>Credit Loss</td>
<td>If a borrower defaults, the first loss prevention is the collateral value of the property; the lender is then obligated to advance payments or buy out the loan. Second, the FHA/VA/RHS/PIH insurance covers losses. Any loss not covered by the above must be advanced to the MBS holders by the Issuer, which is <strong>not reimbursable by Ginnie Mae.</strong></td>
<td>If a borrower defaults, the first loss prevention is the collateral value of the property and the lender is then obligated to advance payments or buy out the loan. Second, <strong>the GSE covers any losses.</strong></td>
</tr>
</tbody>
</table>
GinnieNet is used for:

- New pool details
- Certifications from custodians
- Electronic reports
- Reporting RPB Information
- Digital certificates
Ginnie Net Enrollment

Must be completed onsite at Bank of New York-Mellon (BNY-M) or during a GinnieNet training class

Enrollment includes:
- Fingerprinting of designated signatory to HUD-11702
- Designation of security officer
- GNMA Enterprise Portal access
Reporting and Feedback System - RFS

RFS is used for:

-Completing monthly investor reporting
RFS Testing

- Prior to issuing pools Ginnie Mae requires that Issuers submit test files with correct layouts, data types, and field length in order to achieve a successful test.

- RFS testing is required even when an Issuer elects to use a GNMA-approved subservicer.

Important!!
You must complete this testing prior to issuing pools
Ginnie Mae Enterprise Portal - GMEP

GMEP is used for:

- Accessing RFS once testing is complete
- Receiving e-Notifications from Ginnie Mae
GMEP

- Ginnie Mae’s Enterprise Portal (GMEP) serves as the single access point for program participants to conduct online business with Ginnie Mae.

- All Issuers and Document Custodians must register 2 security officers for access to the portal. Instructions on how to register for the GMEP are available in the Ginnie Mae Guide, Appendix III-29.
Commitment
Authority
Commitment Authority

• Your Account Executive (AE) will work with you throughout the month to maintain your Commitment Authority (C.A.) balance.
• Ginnie Mae’s standard is that issuers maintain Commitment Authority to provide for up to 6-9 months of production. For your first request, please include the projected volume for four months.
• Pay CA Application Fee through the Enterprise Portal. You will enter the account and routing number to process the payment.
• The fee for Commitment Authority (which must be paid at the time of submission of the request) is $500 for the first $1.5 million plus $200 for each additional million.
• Submit your request through GMEP.
Commitment Authority

- Can not be transferred from one issuer to another
- expires on the last day of the month one year after the month in which it is approved
- should be carefully monitored daily to ensure availability

Important!!

Ginnie Mae will not be responsible for pools that fail to fund on the assigned funding date due to insufficient commitment authority.
Pool Numbers

- When pool numbers are needed please submit a request through the Enterprise Portal under: Request Pool Numbers
Issuing Securities
Pooling Parameters

- All mortgages in a pool must be insured by FHA, VA, RHS or PIH.

- At least 80% of the OPB of each pool must be in mortgages with maturities within 30 months of the latest loan maturity.

- At least 90% of the mortgages must have maturities of 20 years or more.
Pooling Process

Issuer ensures adequate commitment authority

Issuer submits pools in GinnieNet with the information

Pool processing agent sweeps network at 9:00pm for new certified pools

Pool processing agent runs edit checks

Pool Processing agent approves pool and draws down available commitment authority

PPA issues original issue security and sends new pool delivery instructions to Federal Reserve Bank

Ginnie Mae guarantees the security!
Employer Identification Number - EIN

For Ginnie I Securities

- Issuers must request employer identification numbers (EIN) for pools or loan packages

- EIN’s are assigned by the Internal Revenue Service and available by contacting the IRS according to the instructions located in the Ginnie Mae Guide, Chapter 10-9(B).
Monitoring
Four Areas of Monitoring

- Delinquency
- Insurance Matching
- Compliance Reviews
- Financial Strength
Delinquency

Ginnie Mae evaluates delinquency rates for Ginnie Mae pools and loan packages using three key indicators and thresholds:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>DQ3+ Delinquency Ratio</td>
<td>5%</td>
</tr>
<tr>
<td>DQ2+ Delinquency Ratio</td>
<td>7.5%</td>
</tr>
<tr>
<td>DQP Delinquency Ratio</td>
<td>60%</td>
</tr>
</tbody>
</table>

Issuers with more than 1000 loans

Other delinquency criteria:
- Excessive delinquencies and foreclosures in pools and loan packages originated in the past two years,
- Indications of faulty or improper processing of delinquencies and foreclosures
- Significant inconsistencies or errors in the monthly data reporting
Insurance Matching

- Ginnie Mae institutes a loan matching process to confirm loans in Ginnie Mae pools can be found in insurance or endorsement data from FHA, VA, or USDA-RD.
- Matching is performed monthly for new originations as well as all loans in existing portfolio.
- Ginnie Mae also implemented a series of electronic and manual notifications that are sent to Issuers with the worst matching performance, including:
  - Monthly and quarterly e-Notifications to Issuers with the worst matching results and/or aged unmatched loans.
  - Quarterly signed “disciplinary” letters that give the Issuers 30 days to address the loans in question or face possible administrative action.
- Failure to resolve the insurance status of loans within 30 days can result in administrative action and civil money penalties, to be decided on at Ginnie Mae’s discretion.
Financial Strength

- The IPA Review examines the audited financial statements and supplemental reports of issuers for compliance and performance.

  - Financial Statements should be submitted within 90 days of the end of the issuer’s fiscal year by upload to the Enterprise Portal

- The results of the review are either a “GOOD” rating or a “BAD” rating based Ginnie Mae’s compliance criteria.

- Ginnie Mae also collects the insurance certificates for Fidelity Bond and Mortgage Errors and Omissions insurance policies.
Next Steps
Submit to BNY-M, complete on HARD COPY, accurate and properly executed original Master Agreement documents:

- HUD-11702 Resolution of Board of Directors and Certificate of Authorized Signatories
- HUD-11709 Master Agreement for Servicer’s Principal and Interest Custodial Account
- HUD-11720 Master Agreement for Servicer’s Escrow Custodial Account

Submit electronic copies of the following through the Enterprise Portal:

- HUD-11709-A ACH Debit Authorization
- HUD-11707 Master Servicing Agreement
- HUD-11715 Master Custodial Agreement

Note: Agreements must be executed by a signatory on the HUD-11702
Complete ACH Test Results

- GNMA’s Central Paying & Transfer Agent (CPTA), currently BNY-M, must perform a zero balance transaction on the central P&I account to verify that the account is properly established.

- See the GNMA Guide, Chapter 16-4(C) for details related to the establishment and testing of the account

Important!!
You must complete these tests prior to issuing pools
Contacting Ginnie Mae
For question regarding:

- Reporting instructions
- Obtaining information on reporting media
- Obtaining RPB Report Identification Number
- RPB reporting and/or RPB corrections
- Ginnie Mae Enterprise Portal (GMEP)
- GinnieNet
- Payment to security holders
- Letters of Credit
- New pools or pool transfers

Please contact:

Ginnie Mae Relationship Services
ATTN: Remaining Principal Balances
c/o The Bank of New York-Mellon
101 Barclay Street – 8 East
New York, NY 10286

Phone: (800) 234-GNMA (4662) Option 1
For question regarding:

- Inquiries concerning mortgage-backed securities
- Submitting applications for commitment authority or pool numbers
- Requesting IPMS statements
- Mortgage eligibility or pool or loan package issuance
- Requests to replace or repurchase defective loans
- Requests to terminate pool
- Reporting change of Issuer’s business status, name or address
- Requests for recertification extension
- Requests for approval of pledge of servicing

Please contact:

GNMA - Office of Issuer Portfolio Management
451 7th Street, S.W. B-133
Washington, D.C. 20410-9000

Phone: Single Family Division
(202) 708-1535
For question regarding:

- Requesting forbearance approval and notices of liquidation
- Requesting copies of pool advance agreement
- Submitting certificates of insurance, notices of cancellation, notices of embezzlement
- Net worth calculation
- Notices of adverse agency action
- Approval of press release or advertising
- Notice of document inventory issues
- Submitting remaining funds in P&I account on termination

Please contact:

GNMA - Office of Issuer Portfolio Management
451 7th Street, S.W. B-133
Washington, D.C. 20410-9000

Phone: Single Family Division
(202) 708-1535
For question regarding:

- RFS Investor Reporting

Please contact:

Ginnie Mae Relationship Services

Phone: 1-888-446-6434
Additional Resources

- Ginnie Mae Website [www.ginniemaegov](http://www.ginniemaegov)
- Ginnie Mae Guide- found on Ginnie Mae website
- All Participants Memorandum (APM)- found on Ginnie Mae website
- Ginnie Mae Account Executive