Issuer Outreach Call

June 12, 2014

Notice and Disclaimer

Please note that the intention of this call is solely to provide information and solicit Issuer feedback on the topics presented in the Issuer Outreach Call. All information discussed today is preliminary and subject to change. Any reporters on this call should regard all information shared as off the record.

Thank you

Agenda

- Buyout Policy

- Pool Transfer Updates

- Post-settlement (final loan payoff) interest upcoming change

- ARM lookback change and Ginnie Mae program impact

- Noncompliance Consequences

- 2014 Ginnie Mae Summit

- Q & A

- Survey

General Buyout Policy

- Loans due but unpaid for three consecutive months are eligible. (MBS Guide 18-3(B)(1))

- Based on application of payments received.

- Clock no longer resets on the 90 day period if a payment is received from the borrower.

- Buyout policy for loans subject to trial modifications is unaffected.

Examples

- No Payment Received:

No Payment Received				
	January	February	March	April
Payment Due	$1,000	$1,000	$1,000	
Amount Paid	$0	$0	$0	Eligible for buyout
Last Paid Installment	December	December	December	

- Full Payment Received:

Payment Received in the Amount Due					
	January	February	March	April	May
Payment Due	$1,000	$1,000	$1,000	$1,000	
Amount Paid	$0	$0	$1,000**	$0	Eligible for buyout
Last Paid Installment	December	December	**January**	January	

**A payment in the full amount of the installment advances the last paid installment by one month

Buyout Policy Examples Cont'd

- Partial Payment Received:

Partial Payment Received				
	January	February	March	April
Payment Due	$1,000	$1,000	$1,000	
Amount Paid	$0	$0	$500*	Eligible for buyout
Last Paid Installment	December	December	December	

*Payments for less than the amount due are not sufficient to advance the last paid installment.

Pool Transfer Updates

- Last month Ginnie Mae announced the implementation of another modernized securities platform component-Pool Transfer System.

- With the implementation Ginnie Mae published APM 14-05 (All Participants Memorandum) where we updated our transfer policy.

- With the update we:
    - Added Key Transfer Definitions
    - Changed the transfer notification timelines

- Important clarification: Effective Reporting Date

Reminder: Elimination of FHA Loan Borrower Post-Payment Interest Charges Coming Later this Year

- **What**: Who bears the liability for interest payable on a mortgage after the date of settlement in full on the mortgage loan: the borrower or the servicer?

- FHA has been the industry outlier placing responsibility with the borrower.

- **Why Change**: CFPB rules say charging the borrower is the same as an impermissible prepayment penalty.

- **FHA level change**: Last March, FHA published its proposal eliminating borrower liability. https://www.federalregister.gov/articles/2014/03/13/2014-05407/federal-housing-administration-fha-handling-prepayments-eliminating-post-payment-interest-charges

- **When**: The rule will apply to FHA loans consummated on or after January 21, 2015. It does not apply to mortgages consummated before that date.

- **Impact on Issuers**: As with VA and RHS loans, the issuer/servicer will absorb the cost of advancing a full month of P&I.

- **Ginnie Mae role**: Interface with CFPB and timing extension for government loans to the effective date described in the rule.

ARM Notice and Look-back Rule Changes for FHA and VA Will Have an Impact on Ginnie Mae ARM Pooling

- **What**: CFPB requires longer ARM adjustment notice and look-back periods for all ARMs, and effective for conventional loans now and for government ARMs as of and after January 10, 2015, at the latest.

- **FHA Proposed Rule:** Under an FHA proposal published in March, its ARMs will conform and borrowers will have a minimum of 60 days notice of an adjustment and the look-back period shifts to 45 days (not the current 30 days). Comment period is closed.

- **FHA Final Rule:** Look for it in September-October.

- **VA Rulemaking:** Underway but not yet published.

- **Ginnie Mae Issue:** Can you commingle -30 and -45 day look-back loans in the same pool? Answer: No

- **Solution under consideration:** We could create new pool types for two dozen ARM products but the result would be decreased liquidity. Looking to delineate old 'short look-back' from new 'long' look-back MBS by issue date with April 1 2015 and after as leading candidates.

ARM Notice and Look-back Rule Changes for FHA and VA Impact Ginnie Mae ARM Pooling Rule References

- The Ginnie Mae proposed solution would mean that loans with the shorter look-backs would be ineligible for standard ARM pooling as of a cutoff issue date. We are balancing cost of holding the 'new' loans prior to their open eligibility for standard pooling with pipeline management and getting the 'old' loans pooled.

- The CFPB regulation was published as a final rule in the Federal Register on February 14, 2013, at 78 FR 10902, entitled "Mortgage Servicing Rules Under the Truth in Lending Act (Regulation Z)."

- FHA published its rule on May 8, 2014, at the following link: https://www.federalregister.gov/articles/2014/05/08/2014-10572/federal-housing-administration-fha-adjustable-rate-mortgage-notification-requirements-and-look-back . The comment period is closed and final rulemaking is underway.

- VA also will publish a proposal for comment.

Noncompliance Consequences

- Increasing Occurrence of Reporting and Remittance Errors
  - Reporting Failures-Late or Inaccurate
  - Insufficient Funds in Custodial Account

- Noncompliance Consequences-Repeat Offenders
  - Monetary Penalties
  - Extreme Cases-Default and or Portfolio Transfer

2014 Ginnie Mae Summit

- The Summit is our annual event that allows Ginnie Mae staff to meet with our business partners for various informational sessions, idea sharing, focus groups and networking.

- Save the Date: September 22 – 23 (Location TBD)

- NEW in 2014
  - Monday night reception
  - Session tracks- you can attend only those sessions that are most applicable to your role

Q & A

Survey