



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL  
MORTGAGE ASSOCIATION

October 22, 2010

APM 10-17

**MEMORANDUM FOR:** All Participants in Ginnie Mae Programs

**FROM:** Theodore W. Tozer, President

**SUBJECT:** New Financial Requirements – Single Family Issuers

Ginnie Mae is changing the financial requirements for institutions participating in the Single Family Program, in order to ensure that its program requirements align with the rapidly changing housing finance market. The changes to the financial requirements include an increase in the net worth requirement and new liquid asset and capital asset requirements.

**Increase in Net Worth Requirements**

Ginnie Mae is increasing the base net worth requirement for Single Family Program participants from the current \$1 million base net worth requirement to \$2.5 million. In addition, the formula for calculating the additional net worth required above the base net worth requirement is changing. Currently, additional net worth is calculated as 1% of Remaining Principal Balance (RPB) plus the amount of available commitment authority between \$5 million and \$20 million, plus .2% of RPB greater than \$20 million. With this change, additional net worth will be calculated as .2% of the Issuer’s RPB, plus the amount of available commitment authority.

Program	Current Net Worth Requirement		New Net Worth Requirement	
	Base	Additional Net Worth	Base	Additional Net Worth
Single Family	\$1,000,000	Add 1%, of RPB plus the amount of available commitment authority that is greater than \$5 million and less than \$20 million, Plus .2% of RPB plus the amount of available commitment authority that is greater than \$20 million	\$2,500,000	.2% of RPB plus the amount of available commitment authority

Effective immediately, institutions that are seeking Issuer approval will be required to meet the new minimum net worth requirements. Existing Issuers will have until October 1, 2011, to meet the new net worth requirements.

## Liquid Asset Requirements

Ginnie Mae is also instituting a new liquid asset requirement. Ginnie Mae will require that Issuers eligible for its Single Family Program have liquid assets of 20 percent of Ginnie Mae's net worth requirement. The new liquid asset requirement will help to ensure funds are available when there is a need for cash to fund loan buyouts and/or to pay for potential indemnification requests from insuring agencies. Single Family Issuers will have until October 1, 2011, to meet the new liquid asset requirement.

## Institution-Wide Capital Requirements

Ginnie Mae is adopting institution-wide capital requirements. The capital requirement provides better assurance that Issuers have sufficient capital to cover their financial risks on an institution wide basis. The capital requirements are as follows:

<b>Banks and Thrifts Well Capitalized Under Federal Banking Regulations</b>	<b>Non Banks, Credit Unions &amp; Subsidiaries</b>
<ol style="list-style-type: none"> <li>1. 5% of Tier 1 Capital/Total Assets</li> <li>2. 6% of Tier 1 Capital/Risk Based Assets</li> <li>3. 10% of Total Capital / Risk Based Assets</li> </ol>	<ol style="list-style-type: none"> <li>1. 6% of Total Equity / Total Assets</li> </ol>

The new capital requirements will be effective on October 1, 2011, for all Single Family Issuers.

Applicable changes to Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev. 1 (Guide) will be posted no later than mid-November under the "What's New" section of Ginnie Mae's website at [www.ginniemae.gov](http://www.ginniemae.gov). HUD Audit Guide changes are forthcoming and will be posted upon receipt.

If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.