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APM 14-15

October 16, 2014

MEMORANDUM FOR: All Participants in the Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: Demonstrated Participation Requirement

Ginnie Mae has experienced an increase in the number of entities that are granted Issuer approval, yet fail to actively participate in a Ginnie Mae MBS program. Ginnie Mae expends a significant amount of resources in the review and analysis of applications for Issuer approval, a key component of which is operational capability. Ginnie Mae expects that approved Issuers will proceed to actively participate in the Ginnie Mae MBS program(s) for which they have been approved by issuing, acquiring issuer responsibility for, or subservicing Ginnie Mae MBS shortly after approval, and continue to do so for as long as they maintain an approved status in their respective program(s). Long-term lack of participation calls into question whether Issuers continue to possess the operational capability that was a basis for the original approval.

Therefore, effective January 1, 2015, Issuers must have demonstrated participation by issuing, acquiring, or subservicing Ginnie Mae MBS in the Ginnie Mae MBS program(s) for which they are approved in the preceding 18 months. Issuers approved after July 1, 2013 must demonstrate participation within 18 months of their approval date. An Issuer which fails to demonstrate compliance with this requirement, may either voluntarily withdraw from the program, or request an extension of time in order to comply with the requirement. Ginnie Mae will review the circumstances, and in its sole discretion will determine whether an inactive Issuer will be involuntarily withdrawn, or granted an extension for a reasonable amount of time in order to comply with the requirement based on the particular facts and circumstances. Issuers that have been voluntarily or involuntarily withdrawn are eligible to re-apply for program approval through the normal approval process.

Issuers that are State Housing Finance agencies or are serving as Participation Agents for HMBS securities reporting are exempt from this Demonstrated Participation Requirement.



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The Ginnie Mae Mortgage-Backed Securities Guide, 5500.0 REV-3 (MBS Guide) has been updated to reflect this requirement by the addition of two sections: Section 3-21 (Demonstrated Participation Requirement) and Section 3-22 (Program Withdrawal). It can be found on our website at: [www.ginniemae.gov](http://www.ginniemae.gov).

For additional assistance, Issuers may contact their Ginnie Mae Account Executive in the Office of Issuer and Portfolio Management directly or at (202) 708-1535.