'14 GINNIE MAE SUMMIT

THE POWER OF PARTNERSHIPS

SEPTEMBER 22-23, 2014 | CRYSTAL CITY, VIRGINIA

Ginnie Mae

Our Guaranty Matters

Issuer Operational Performance Profile (IOPP)

Goals

- Enable our Issuer partners to better understand Ginnie Mae's expectations and what is important to Ginnie Mae.
- Provide Issuers with a framework and methodology from which they can gauge their effectiveness against a pre-determined set of Ginnie Mae expectations (metrics) as well as how they rank against their peers.

Working Assumptions

- Issuers were involved in defining and validating metrics.
- Issuers should be able to fully influence their performance on each metric.
- The weighting for each metric is based on its importance to Ginnie Mae.
- Over time, based on overall Issuer performance, the number, type and weights of the metrics can change; new ones may be added and current ones deleted.
- Ginnie Mae may request Issuers to develop remediation plans to address those areas that have been deemed needing improvement.

Monthly Process

- The performance for each Ginnie Mae Issuer will be scored based on a series of metrics.
- Each issuer will be rated against a pre-defined peer group by applying a weighting algorithms and in some cases, adjusting for certain control factors.
- The end result will be two scores; one for operational management and one for delinquency management.

Tool Sections

- **Operational Metrics:** Focuses on compliance with reporting requirements, compliance with Ginnie Mae program standards and policies and monitoring issues with the pooling and issuance process.

- **Default Management Metrics:** Focuses on an Issuer's effectiveness at managing loan performance through delinquency roll rates, workout performance and timeline managements.

Operational Metrics

Metric	Definition	Formula
Failure to Report	Failure to report remaining principal balance (RPB) or 10D through GinnieNet or to report Monthly Investor Reporting through RFS.	Number of times Issuer fails to report RPB, 10D, or Monthly RFS Pool Reporting over the past 12 months.
RPB Corrections	Binary metric for whether or not an Issuer has failed to submit critical RPB corrections timely or has had to submit manual RPB corrections after the 4th business day in at least one month during a 12 month rolling period.	If Issuer has failed to submit critical RPB corrections by the 4th business day in at least one month in the past 12 OR if Issuer has had a manual RPB correction after the 4th business day in at least one month in the past 12 months then the metric is 1. Else it is 0.
RFS Exceptions	The percentage of loans and pools with exceptions from RFS reporting.	(Number of Pools with Errors and Critical Exceptions / Number of Active Pools) * (30%) + (Number of Loans with Errors and Critical Exceptions / Number of Active Loans) * (30%) + (Number of Pools with High, Medium and Low Exceptions / Number of Active Pools) * (20%) + (Number of Loans with High, Medium and Low Exceptions / Number of Active Loans) * (20%)
HRA Exceptions	The percentage of loans and pools with exceptions from HRA reporting.	(Total # of Pool Exceptions/# Pools Reported)*(50%) + (Total # of Loan Exceptions/# Loans Reported)*(25%) + (Total # of Participation Exceptions/# Participations Reported)*25%)
Percentage of Pools not Certified	The percentage of pools not certified after 12 months.	Number of Pools Issued More Than 12 Months Ago Not Certified / Number of Pools Issued More Than 12 Months Ago
Compliance Review Metric	Based on total (50%), high (30%), and repeat (20%) findings from the most recently completed Ginnie Mae compliance review.	Number of Total Findings * (50%) + Number of High Findings * (30%) + Number of Repeat Findings * (20%). Taken From Most Recent Field Review.

Operational Metrics (cont.)

Metric	Definition	Formula
Commitment Authority Shortage/Surplus	Commitment Authority outstanding compared to 3-month usage rate.	Remaining Commitment Authority - Average Commitment Authority Used Over Past 3 Months
Insurance Matching	The percentage of loans that are found in agency endorsement guarantee data within 7 to 12 months of pool issuance.	Number of Matched Loans in Pools Issued 7 to 12 Months Ago / Number of Loans in Pools Issued 7 to 12 Months Ago
Number of Don't Knows (DKs)	The number of Don't Knows over a 12 month period. A Don't Know is a failed transaction.	Number of DKs in Past 12 Months / Number of Pools Issued in Past 12 Months
Early Pool Terminations	The number of Early Pool Terminations over a 12 month period.	Number of Early Pool Terminations in Past 12 Months / Number of Pools Issued in Past 12 Months
Manual Deletions	Pools requiring a manual removal from GinnieNet due to varying circumstances.	Number of Manual Deletions in the Past 12 Months
Disclosure Edits	Number of database corrections over a 12 month period.	Number of Corrections in Past 12 Months
New Pool Errors	Number of errors at the time of pool submission over a 12 month period.	Number of Errors at Time of Pool Submission in Past 12 Months
Insufficient Commitment Authority	Number of pooling errors due to insufficient commitment authority over a 12 month period.	Number of Pooling Errors Due to Insufficient Commitment Authority in Past 12 Months
Failure to Purchase Participations when Mandatory Event Occurs	Number of participations related to a HECM not purchased when the outstanding principal balance of the related HECM equals or exceeds 98% of the maximum claim amount.	Number of Loans with UPB Greater Than 98% of Maximum Claims / Number of Loans

Default Management

Metric	Definition	Formula
60 to 90+ Day Roll Rate	The percentage of loans that move from at least 60 days delinquent to 90 or more days delinquent within a given period based on a rolling 3 month average.	Rolling 3 Month Average of (Number of DQ60 that Transition to DQ90 + / Number of Initial Period DQ60 Loans)
DQP Ratio	Amount of cumulative delinquent principal and interest (P&I) divided by monthly P&I for all pooled loans.	Sum of Cumulative Delinquent P&I / Sum of Monthly P&I
Early Payment Default (EPD)	The percentage of loans that become 60 days or more delinquent in the first 6 months.	Number of DQ60+ Loan in Pools Issued within Past 6 Months / Number of Loans in Pools Issued within Past 6 Months
No Action on Delinquent Loan	Will be included in a future release.	Will be included in a future release
DQTime	The average number of months that loans remain delinquent from the point of last paid installment.	Average of (Reporting Date - Last Payment Date) for all Delinquent Loans
Percentage of Loans in Foreclosure	The percentage of loans with a foreclosure status.	Number of Foreclosed Loans in Pools / Total Number of Loans in Pools
Percentage of Claim Amounts Curtailed	Will be included in a future release.	Will be included in a future release
Workout Effectiveness	The percentage of loan modifications current after 6 months.	Number of Current (Non-Delinquent) Loan Modifications Pooled in Past 6 Months / Number of Total Loan Modifications Pooled in Past 6 Months

Rollout Schedule

- Winter 2014 / 2015 – Final Testing
- Winter 2014 / 2015 – Training
- Spring 2015 - Deployment

ISSUER OPERATIONAL PERFORMANCE PROFILE

Summary | **Operational** | Default | Search | Corporate Profile | Issuances Profile | Portfolio Profile | Metrics Mgmt Report | Metrics Trend Mgmt Report | Custom Settings

XYZ Mortgage

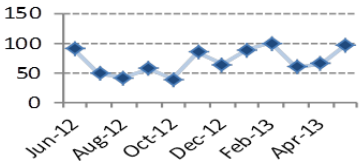
Program Type ◉ Single Family ○ Multifamily ○ HMBS

Failure to Report

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Tier	2	3	2	4	4	3	2	1	1	3	4	1
Platinum Standard	21	64	70	6	78	62	76	76	49	45	71	59
Peer Group	71	62	4	32	62	22	60	73	48	77	15	37
XYZ Mortgage	90	48	42	56	39	84	63	88	100	60	65	97

Monthly | Quarterly

◉ Metric ○ Tier

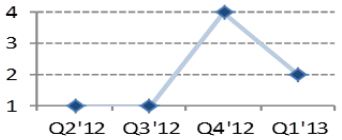


RPB Failed Edits

Tier	1	2	4	1	1	1	4	2	2	2	3	1
Platinum Standard	39	18	89	26	32	84	18	57	3	24	82	36
Peer Group	64	17	36	39	69	42	3	97	35	64	44	22
XYZ Mortgage	47	48	44	45	27	21	92	25	11	88	77	10

Monthly | Quarterly

○ Metric ◉ Tier

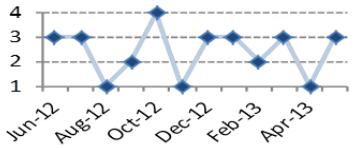


Failure to Submit RPB Corrections by 4th BD

Tier	3	3	1	2	4	1	3	3	2	3	1	3
Platinum Standard	18	98	93	37	9	89	8	17	83	96	60	99
Peer Group	43	58	83	90	25	3	1	36	24	14	10	75
XYZ Mortgage	81	91	75	91	95	52	9	15	99	51	92	88

Monthly | Quarterly

○ Metric ◉ Tier



ISSUER OPERATIONAL PERFORMANCE PROFILE

Summary | Operational | Default | Search | Corporate Profile | Issuances Profile | Portfolio Profile | Metrics Mgmt Report | Metrics Trend Mgmt Report | Custom Settings

XYZ Mortgage

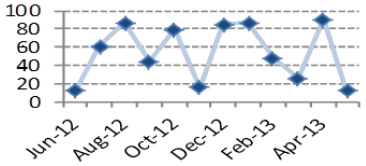
Program Type ◉ Single Family ○ Multifamily ○ HMBS

60 to 90+ Day Roll Date

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Tier	1	2	1	2	4	4	2	1	3	4	4	1
Platinum Standard	13	56	71	70	35	64	18	21	68	92	74	25
Controlled Peer Group	1	68	61	11	67	7	38	64	8	50	29	78
XYZ Mortgage	13	61	87	44	79	16	85	87	48	26	90	12

Monthly | Quarterly

◉ Metric ○ Tier

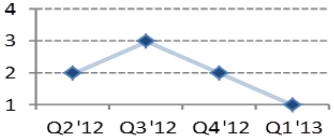


DQP Ratio

Tier	2	2	1	3	1	1	2	1	1	1	1	2
Platinum Standard	59	60	46	65	26	52	100	49	44	15	9	47
Controlled Peer Group	89	93	68	13	62	68	57	94	67	86	16	68
XYZ Mortgage	28	74	36	84	15	5	36	98	28	92	95	22

Monthly | Quarterly

○ Metric ◉ Tier

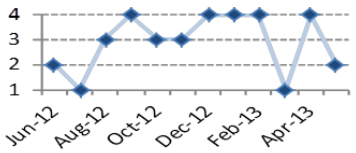


Early Payment Default (EPD)

Tier	2	1	3	4	3	3	4	4	4	1	4	2
Platinum Standard	90	54	65	12	67	46	42	16	10	24	2	66
Controlled Peer Group	37	19	90	23	29	96	95	38	91	51	17	4
XYZ Mortgage	80	60	86	3	10	53	75	32	9	98	40	22

Monthly | Quarterly

○ Metric ◉ Tier



IOPP Demonstration

Questions?