



Ginnie Mae

Our Guaranty Matters

2015

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GAMECHANGERS
2015 GINNIE MAE SUMMIT

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Acknowledgement Agreement

Ginnie Mae Standards and Procedures

Overview

- Ginnie Mae's strategic view on financing secured by MSR's
- Recent and future development of the Acknowledgement Agreement
- Guidelines for issuers and financiers interested in utilizing the Acknowledgement Agreement



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What is the Acknowledgement Agreement?

- The A/A is an arrangement between an Issuer, a third party creditor (secured party) and Ginnie Mae
- Allows the creditor to obtain a security interest in the servicing rights of the Issuer's Ginnie Mae MSR portfolio
- With this facilitation, the secured party will provide the Issuer with liquidity that could be used to meet their obligations in servicing Ginnie Mae MSRs



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Where Have We Been, Where Are We Now, Where Are We Going?

- 2011 until now: Focus was on modifying the standard Ginnie Mae Agreement to realize market acceptance while safeguarding Ginnie Mae's core interests. This effort has been successful in that almost 20% of the Ginnie Mae portfolio is subject to Acknowledgment Agreement-based financing.
- Next phase: Ginnie Mae is seeking to introduce:
 - More rigorous standards for evaluating transactions
 - A more efficient process for vetting and approving



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Key to Progress: The Underlying Financing Agreement(s)

- Ginnie Mae does not generally entertain requests to modify the Acknowledgment Agreement on a transactional basis.
- Most of the work we do in the approval process concerns the financing agreements between the secured party and the issuer.
- The process is slowed when the documents are unique and contain conflicts with Ginnie Mae's program terms, and when the overall transaction structure is not well-explained.

Ginnie Mae is working with the industry to seek greater standardization of these agreements.



Key to Progress: Working with Industry to Resolve Differences and Standardize Agreement(s)

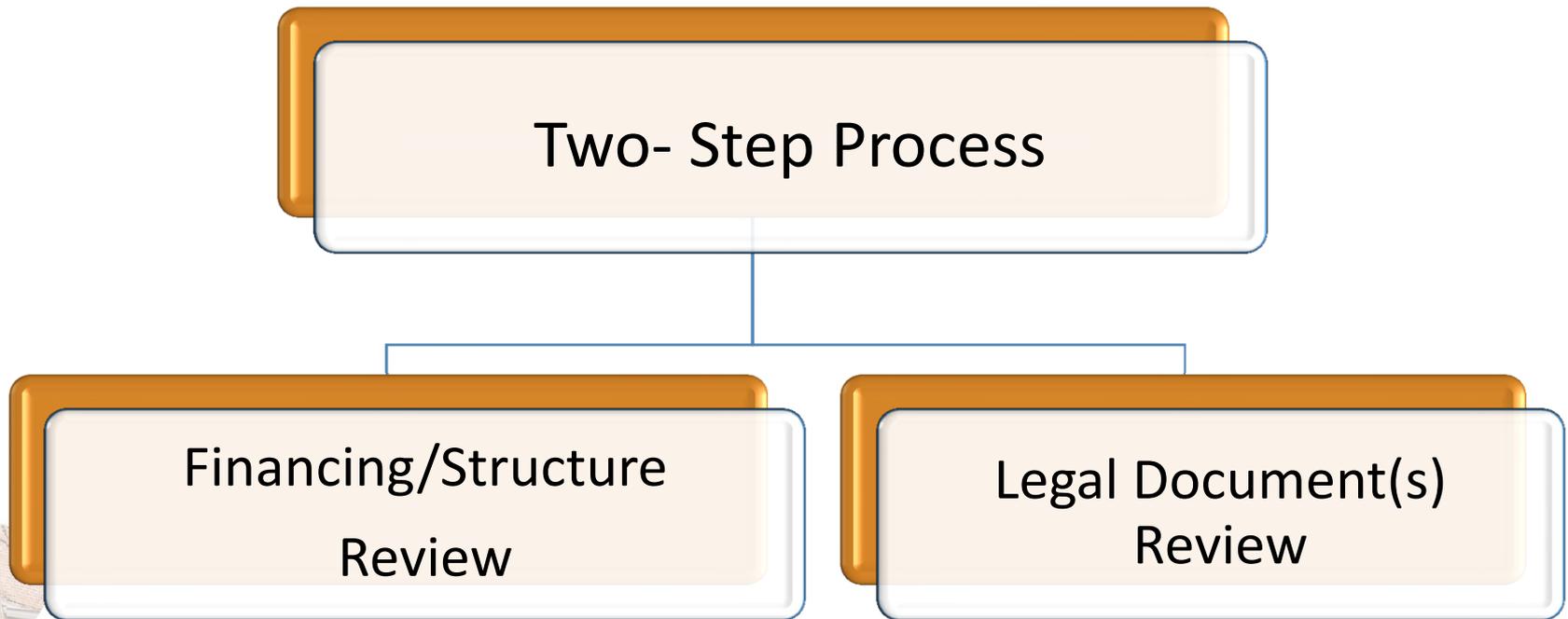
- Ginnie Mae and warehouse lenders working under the auspices of the Mortgage Bankers Association are determining how to reconcile differences in the Acknowledgment Agreement.
- A larger project is standardization of the lengthy underlying secured lending agreements. We are contrasting the most important terms: covenants, remedies and any areas that conflict with our Guide or subject an issuer to outsized risk.
- Goal is to standardize the Acknowledgment Agreement and take the legal review time out of the lending agreements, also creating a more manageable and predictable program.



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Guidelines for Issuers and Financiers: Securing Ginnie Mae's Approval



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Guidelines for Issuers and Financiers: Securing Ginnie Mae's Approval

Step One: Conceptual approval of the financing

- Information needed for this process:
 1. Proforma financial statements
 2. Exhibit showing that all financial covenants are satisfied
 3. Usage of Funds



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Guidelines for Issuers and Financiers: Securing Ginnie Mae's Approval

Step Two: Legal Document Review

- Transaction Description Letter
- ALL financing documents are needed for this process
 1. Underlying security agreement
 2. Intercreditor Agreement
 3. Financing Agreement with Third Party



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Questions and Answers



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