



**GinnieMae**

*Our Guaranty Matters*

2015

SEPTEMBER 21-22 | ARLINGTON, VIRGINIA



**GAMECHANGERS**  
2015 GINNIE MAE SUMMIT

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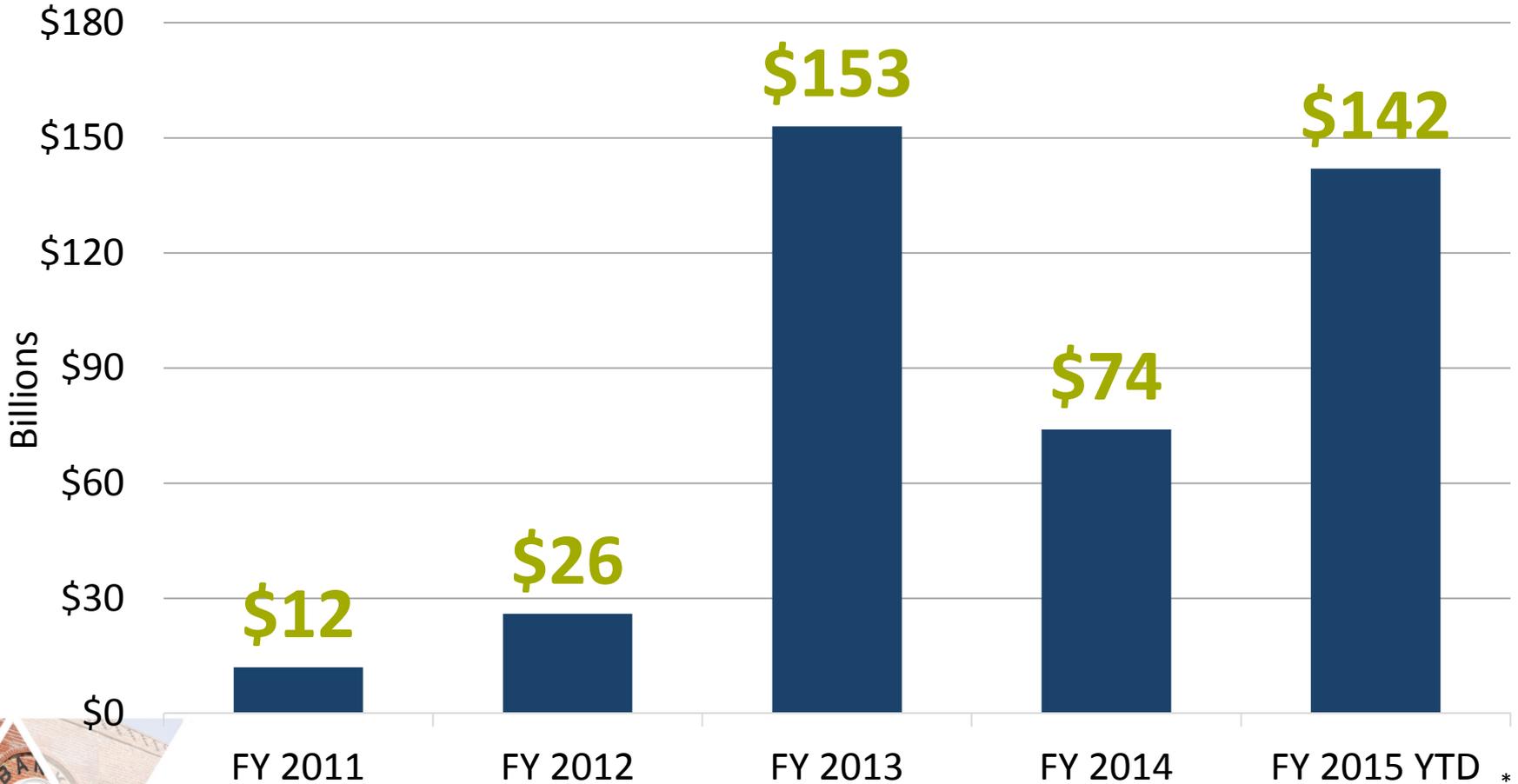
# What You Need to Know About Servicing Transfers

## Facilitators

**Akvile Sweetman – Sr. Account Executive**

**Jonathan Hughes – Sr. Account Executive**

# Total Transfers (PIIT and Bulk)

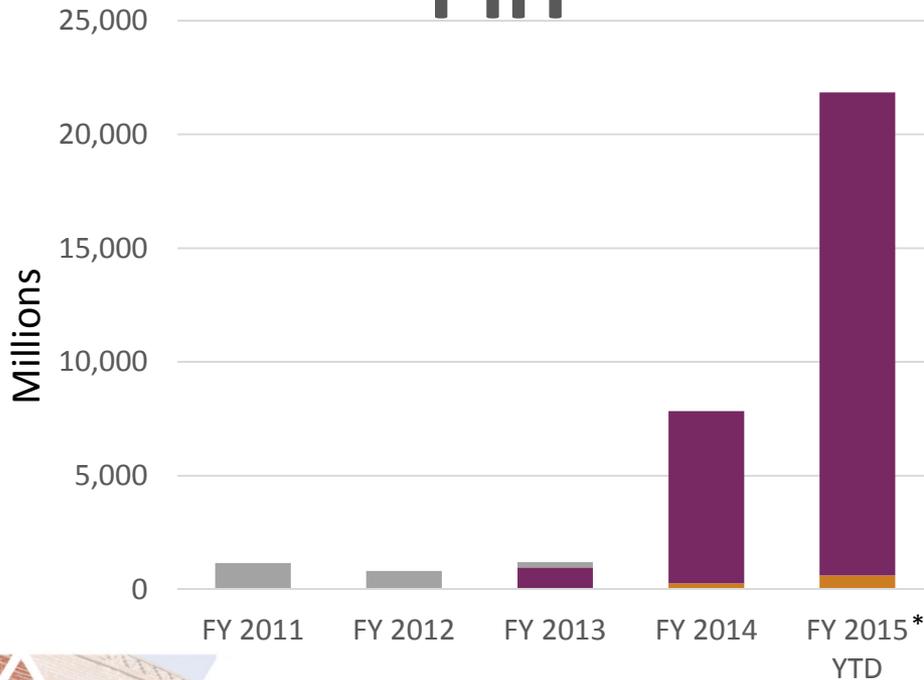


Note\* FY 2015 YTD data through August

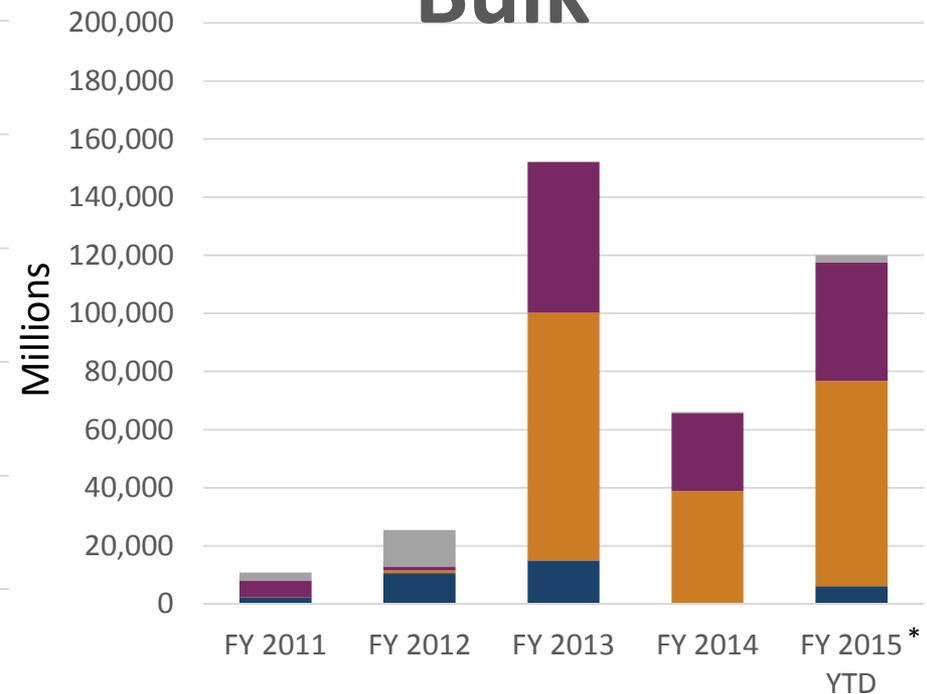


# Year to Year Trend (2011-Current)

## PIIT



## Bulk



Note\* FY 2015 YTD data through August

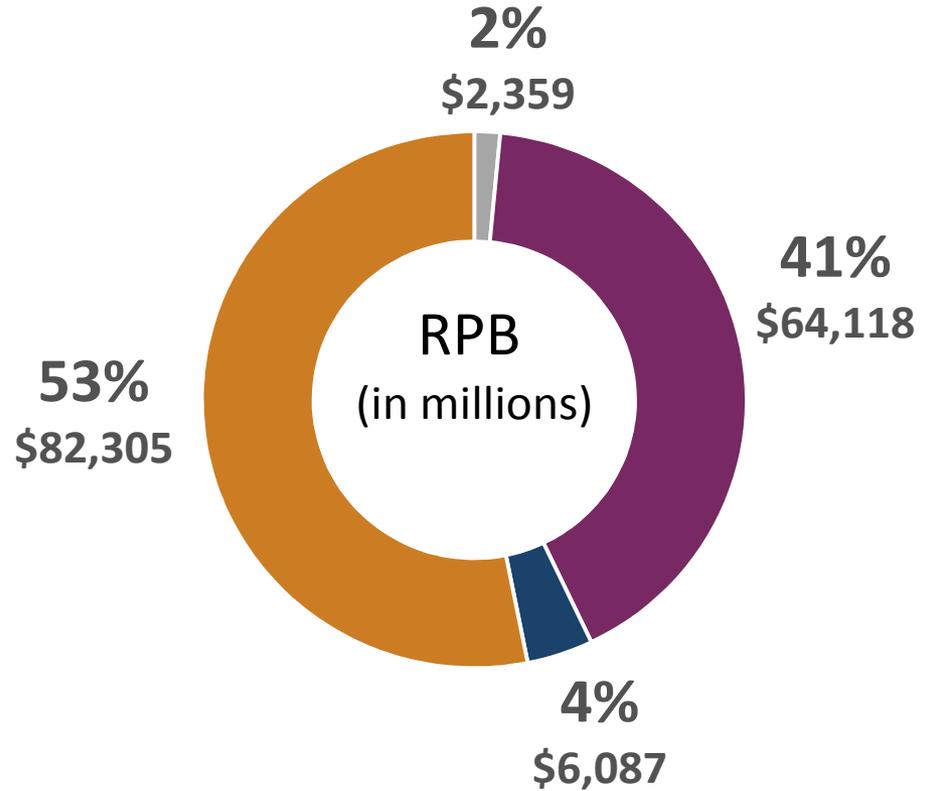
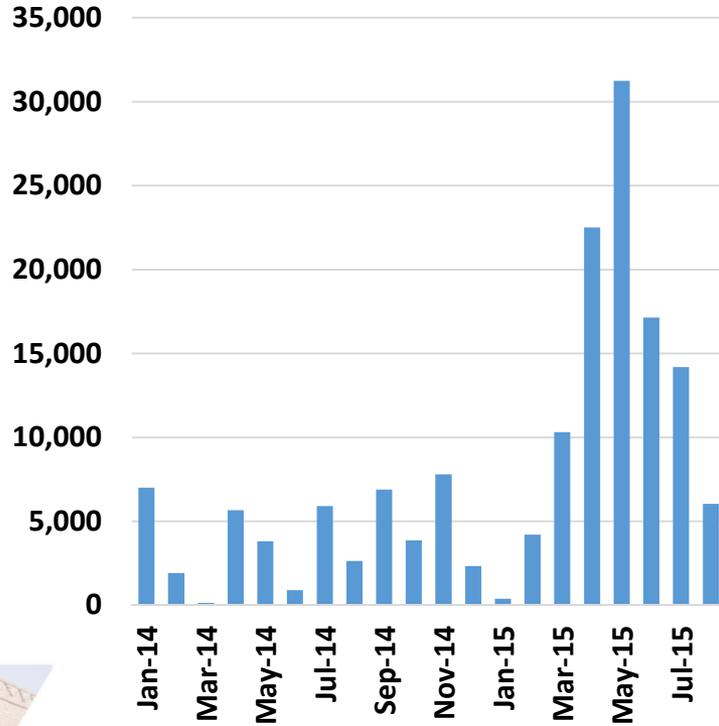
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# Bulk – Jan 2014 to Aug 2015

## RPB

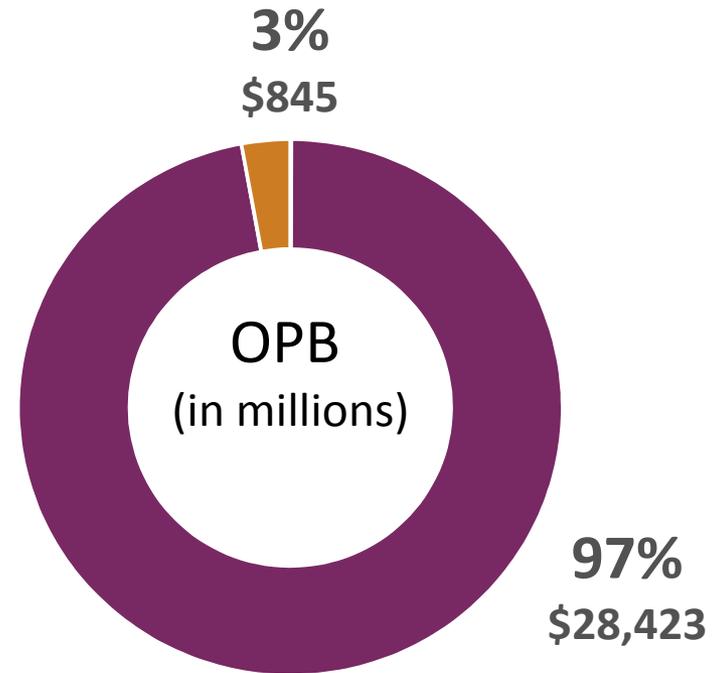
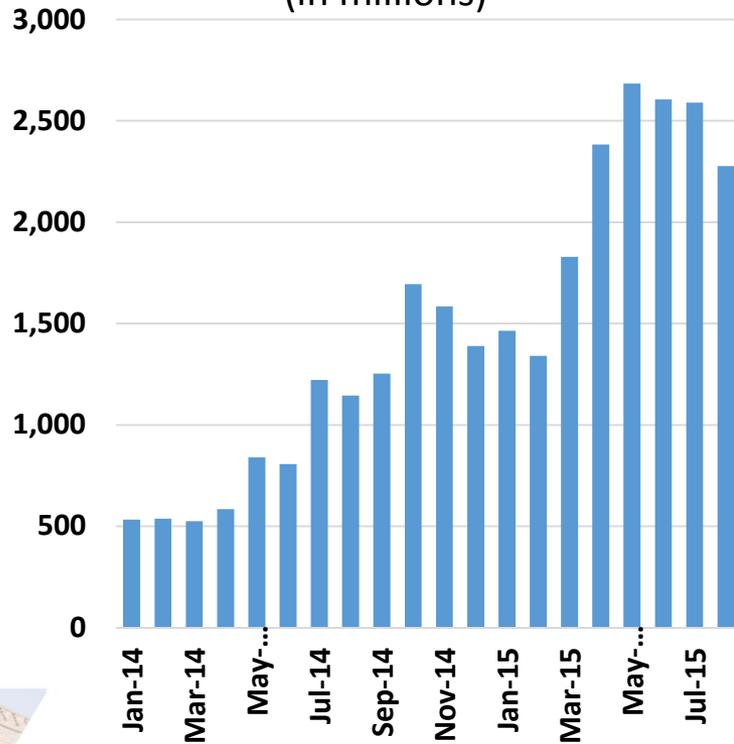
(in millions)



# PIIT – Jan 2014 to Aug 2015

## OPB

(in millions)



# Important Facts

## Bulk and PIIT Transfers



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# BULK

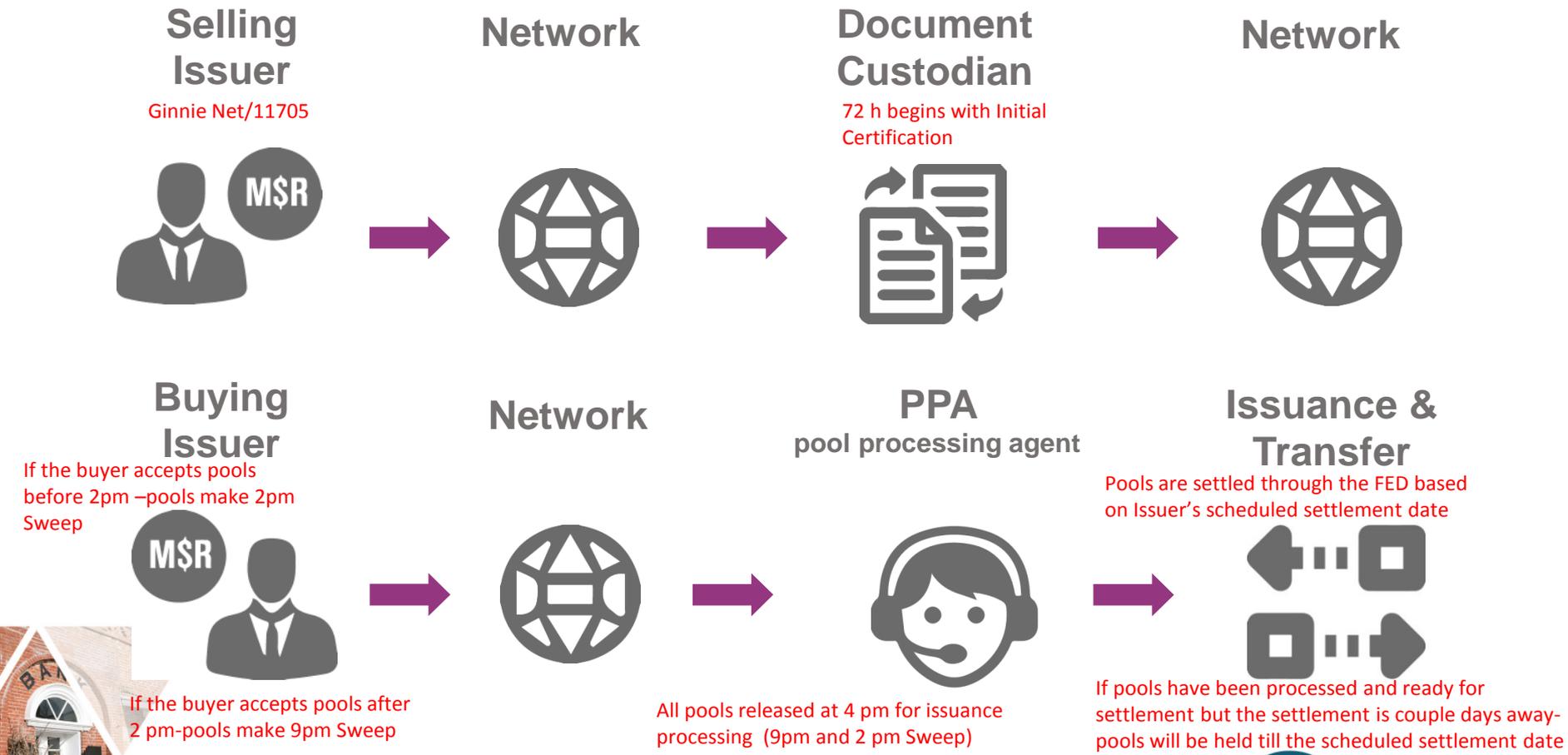
- Seasoned loans
  - Transfer can be done months/years after pool issuance
- PTS transfer system
  - Submit transfer via the Ginnie Mae portal
- Buyer has 48 hours to accept the transfer or decline with Notes

# PIIT

- Current production at the time of issuance
- GinnieNet pool issuance system
  - Indicate immediate transfer on the 11705 screen
- Buyer has 72 hours to accept the pools
- Security issued under the Seller but immediately transferred to the Buyer
- In the event of PIIT failure, the seller will retain Issuer responsibility



# The PIIT Pooling Process



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# Approval Bulk and PIIT

- Both transfer options require advance notification to Account Executive at Ginnie Mae
- Must meet Ginnie Mae net worth and liquidity requirements
- Both require Ginnie Mae approval
- Seeking PIIT approval in either capacity-Full Participation or Limited Participation (updated policy in APM 15-05)



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# Steps to a Successful Transfer

- Transparency
- Both parties must be Ginnie Mae approved issuers
- Servicing and Document Custodian capacity
- Reporting capability especially with multiple sub-servicing
- Have a realistic transfer timeline
  - when is RESPA date
  - when is the approval required
  - when is the boarding date
  - when is the effective Ginnie Mae transfer date
- Completed certification: Initial (PIIT) and final (BULK)



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# Key Requirements

- Selling Issuer must pay Ginnie Mae a transfer fee and all amounts owed and satisfy all outstanding obligations.
- Buying Issuer must assume all of the duties, obligations, and liabilities of the Selling Issuer under the applicable Guaranty Agreement, as of the date of the associated Assignment Agreement.
- Buying Issuer must have adjusted net worth in amount sufficient to meet Ginnie Mae's requirements for the aggregate RPB following the transfer.
- Both issuers must be in compliance with net worth, insurance/fidelity bond, liquidity and capital requirements.



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# Transfer Essentials

- All Master Agreements (forms HUD-11702, HUD-11703-H as applicable, 11707, 11709, 11709-A, 11715 and 11720) for both issuers must be current and successfully submitted and approved in GMEP under Master Agreements tab.
- Have current payment information - ACH bank account details.
- Know the Assigned Custodian to transfer Pools (make sure you have the correct Ginnie Mae Custodian number).



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# Transfer Essentials (cont.)

- Pools more than 12 months after issuance must be final certified by the Custodian.
- Ensure pools previously transferred have been recertified.
- Appropriate persons have an RSA SecuredID Token to submit/approve the transfer.
- Have contact information of key representatives at each organization especially the individuals responsible for submitting and approving the transfer.



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# Transfer Process Best Practices

- Extensive coordination between Buyer and Seller
- Obtaining test data
- Mapping, validating and identifying missing data
- Successfully boarding and reporting
- Ensure compliance with CFPB regulations



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# Transfer Process Best Practices (Cont.)

- Establish and coordinate communications with all key stakeholders
- In-depth analysis of the portfolio (pre-bid)
- Pre-transfer due diligence
  - Perform detailed due diligence at the Seller's site as required
- Loan boarding monitoring
- Post-transfer/post-boarding audit
- Document Custodian coordination
- Insurance matching



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# Transfer Process Best Practices (Bulk)

## Identify and track loans that need special attention

### Loss mitigation Loans:

- Assign a single point of contact
- Loss mitigation specialist reviews the status
- Loss mitigation specialist determines subsequent action required to complete the workout
- Borrowers are notified of the servicing transfer
- Borrowers are provided with a single point of contact information an update of their status of their workout

### In-flight documents (present while in transfer)

- Special forbearance
- Loan modifications and EBOs
- HAMP modifications

Short Sales

Deed-in-Lieu

Foreclosure

Litigation

REO

Bankruptcy

Subject to NMS

NACA Loans

Service members Civil Relief Act

203K loans

Complaints

ACH payments and special handlings



# Part II

## Bulk Transfer Timeline and Key Requirements



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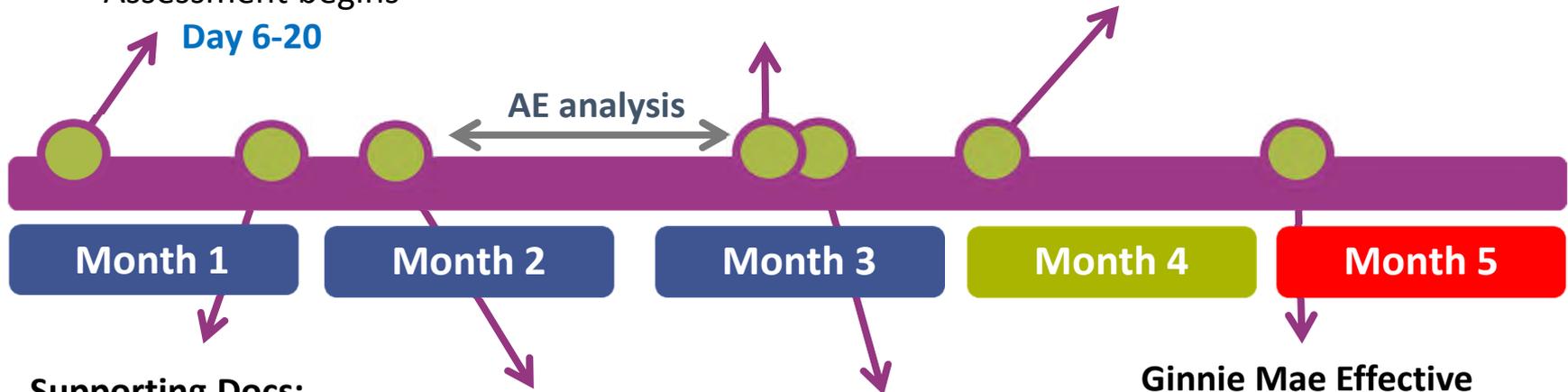
# Timeline Example

- Issuer notifies AE about the transfer
- Transfer Strategic Objective and Initial Assessment begins

Day 6-20

Transfer Approval in PTS  
Day 10

Borrower starts paying Buying Issuer  
Day 1



AE analysis

Month 1

Month 2

Month 3

Month 4

Month 5

## Supporting Docs:

- Strats
  - Capacity Plan
  - Business Objective
- Day 20

Buyer and Seller Complete PTS Request  
Day 10-25

RESPA Date  
Day 15

Ginnie Mae Effective Transfer Date  
Buyer reports to Ginnie Mae including pools acquired from Seller  
Day 1



# Timeline Management

- Issuer must provide their Ginnie Mae Account Executive (AE) with notice at least 90 days in advance of any proposed Effective Reporting Date.
- Issuer must submit the pool transfer request in the Pool Transfer System (PTS) no later than the last business day of the month that is at least 60 days prior to the Effective Reporting Date for transfers involving single family pools.
  - We recommend the request be sent by the 25th day prior to the RESPA date. Note blackout period is **the first five business days** of the month.
- Ginnie Mae, in most cases will need at least 30 days to review the transfer for approvals required before the RESPA date. Please coordinate with your AE in order to avoid delays.



# Timeline Management cont.

- **Buyer has two business day to accept the pool submission.**
- New Assignment Agreement Section 2.03 updated
- Sales Date, Effective Date and Transfer Date are added to the updated version of the Agreement.
- Document Custodians are included in the notification process.



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# Assignment Agreement Change

**Section 2.03.** Seller and Buyer agree to effect an orderly transfer of responsibility for the loans listed in Exhibit A, and all associated documentation, according to the following schedule:

**Sale Date:** \_\_\_\_\_

- *Date upon which Seller and Buyer close on their purchase/sale transaction.*

**Servicing Transfer Date:** \_\_\_\_\_

- *Date upon which buyer begins servicing the pooled loans and date upon which borrowers begin making payments to buyer.*

**Effective Reporting Date:** \_\_\_\_\_

- *Date upon which Ginnie Mae's system records buyer as Issuer of record and date upon which buyer becomes responsible for reporting monthly accounting and RPB data on the transferred loans.*



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# Part III

## Transfer Due Diligence



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# Transfer Analysis

- Delinquency calculation
  - Issuer needs to provide pool numbers
- Counterparty strength
- Final certification status
- Reporting concerns
- Servicing capacity



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# Transfer Analysis

## Risk And Counterparty Review

- Documents may be requested to perform counterparty assessment
  - **Financial statements (APM 14-16) higher Liquidity and Net Worth requirements**
  - Pro-forma financial statements (post transaction)
  - Term Sheet
  - Loan facilities collateralized by Ginnie Mae MSR's



# Transfer Analysis

## Net Worth

- If an issuer does not have the appropriate adjusted net worth, that issuer will provide one of the following:
  - An interim audit that demonstrates adequate adjusted net worth;  
or
  - An equity infusion subsequent to the prior audit
    - Provide auditor's confirmation;
    - Submit balance sheet as of the date of the equity infusion or the end of the month when the infusion occurred



# Transfer Analysis

## Final Certification Concerns

### Final Certification Concerns

- If pools older than 12 months - are they final certified?
- If pools less than 12 months:
  - The transfer does not extend the final certification deadline
  - We would recommend pools close to 12 months deadline to be final certified before the approval requested date (for example before RESPA date)



# Transfer Analysis

## Document Custodian Concerns

- Doc Custodian capacity upon new volumes
- The buyer's custodian # must be on the 11715 form
- Ensure Doc Custodians are aware of the transaction
- Document Custodians are included in the notification process



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# Transfer Analysis

## Reporting Concerns

- When to begin reporting on pools
- Cutoff Date
- Data conversion – quality of data reviewed prior to RFS submission
- Reporting correct value
- Does the transfer create multiple sub-servicing
- Advances reconciliation process established if multiple sub-servicing or document custodial relationships
- ACH accounts– ensure accounts are fully funded prior to draft
- If more than one sub-servicer
  - Only one point of contact
  - Only one 11710D submitted
  - Only one RPB file submitted



# Custodial Account Changes

- If any custodial account changes related to P&I :
  - Written notice of any change in its central P&I custodial account required
  - Accompanied by a new ACH Debit Authorization
    - Form HUD 1709-A (Appendix I-6)
  - Make sure ACH testing completed successfully





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