Compliance Updates:
Reporting, Remitting,
CPRs and Others

GINNIE 2020
COMPLIANCE UPDATES

Who We Are

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• Issuer Oversight
• Program Compliance
• Insurance Matching
• Loan Buyouts
• Default Activities
• Asset Management
• Review of MBS Guide updates and compliance monitoring currently used in portfolio performance evaluation and Issuer compliance
  • Custodial Account Setup and Management
  • Refinance Pooling Guidance
  • Prepayment Speeds
  • Counterparty Oversight
  • Issuer Operational Performance Profile (IOPP)
  • Q&A Session
• Source Documentation
  • Bank Account Signature Card
  • Ginnie Mae Master Agreement
  • Bank Account Statements

• Requirements for All Accounts
  • Issuer’s Full Legal Name
  • Ginnie Mae Master Agreement Form Language
  • Matching TIN on All Documents

MBS Guide Appendix III-2; MBS Guide Appendix III-3
• Required seasoning of streamlined/cash-out refinance loans
  • GN-I, GN-II MIP: six consecutive borrower payments.
  • First Payment Due Date: greater than 210 days from that of original loan

APMs 16-05, 17-06; effective date April 1, 2018
VA Refinance Loan Seasoning

• Note date of any VA-guaranteed Refinance Loan must be on or after the later of:
  • 210 days after the date first monthly payment was made on the mortgage being refinanced and
  • b) the date on which 6 full monthly payments have been made on the mortgage being refinanced (“Seasoning Requirements”).

NOTE: any VA-guaranteed Refinance Loan that is used to pay off another mortgage loan must meet these Seasoning Requirements to be eligible collateral for a Ginnie Mae MBS.

APMs 18-04; APM 19-03
COMPLIANCE UPDATES CPRs

• Monitoring of CPRs:
  • Issuer Operational Performance Profile (IOPP)

• Ginnie Mae Monthly Outlier Report
  • Identify outlier Issuer CPRs by analyzing GNII cohorts by:
    • Coupon (particularly premium coupons)
    • Loan Age:
      • 1-6 Months
      • 7-12 Months
      • 13-24 Months
• Oversight and Contingency Planning
  • Understand the who/what?
  • COOP/business continuity
  • Key person dependencies
  • Contingency planning
COMPLIANCE UPDATES

Counterparty Oversight

Issuer

- Subservicer(s)
- Document Custodian(s)
- PIIT/TAI Partners
- Warehouse Lender(s)
- Funds Custodian(s)
• 2015: Ginnie Mae launches Issuer Operational Performance Profile (IOPP)

• Goal: Provide Issuers with a framework and methodology to gauge their effectiveness in Ginnie Mae programs

• Three Modules:
  • Summary Module
  • Operational Module
  • Default Module (SF only)
• June 2017: Ginnie Mae releases first group of enhancements to IOPP.
  • Additions:
    • Incorporated three new operational metrics: Early Buyouts (SF), Data Quality (SF, HMBS), Late Pool Re-certification (MF)
    • New Peer Groups: Depository/Non-Depository
    • Absolute Tier Assignments for initial metrics
  • Updates:
    • Treatment of “null” metric values
    • Transparency into metric calculations
  • Removals:
    • Removed ultimate parent relationship
• June 2018: Ginnie Mae releases additional enhancements to IOPP.
  • Incorporated the Single Family Prepayment Rate metric.
    • Equivalent to the Conditional Prepay Rate (CPR)
• New Metric
  • Minimum Portfolio Servicing Spread
    • Based on APM 19-02: Counterparty Risk Management Policy Series – Volume 2: Minimum Portfolio Servicing Spread Requirements for Single Family Issuers
    • Binary metric – Tier 1 (Pass) or Tier 4 (Fail)

• Absolute Thresholds
  • Early Buyouts (SF)
  • Data Quality (SF, HMBS)
  • Single Family Prepayment Rate (SF)
  • Late Pool Re-certification (MF)
Q: Will I be penalized for my IOPP scorecard?
   • A: No. Ginnie Mae does not currently penalize Issuers for their IOPP scores. However, at some point in the near future Ginnie Mae will integrate IOPP into its Issuer compliance requirements.

Q: Will Ginnie Mae publish scorecards for outside parties to review?
   • A: Ginnie Mae will not publish scorecards to any outside entities. This information remains confidential between Ginnie Mae, the Issuer and their sub-servicer, if applicable.

Q: When are scorecards updated?
   • A: Scorecards in the IOPP application are updated monthly after the 28th calendar day.