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# Compliance Updates: Reporting, Remitting, CPRs and Others



# GINNIE 2020

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## COMPLIANCE UPDATES **Monitoring Division Role**

- Issuer Oversight
- Program Compliance
- Insurance Matching
- Loan Buyouts
- Default Activities
- Asset Management

# COMPLIANCE UPDATES **Agenda**

- 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

# COMPLIANCE UPDATES **Custodial Accounts**

- **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*

- 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



## COMPLIANCE UPDATES **IOPP History**

- 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)

# COMPLIANCE UPDATES **IOPP History**

- 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)

## COMPLIANCE UPDATES **IOPP (FAQs)**

**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.

# COMPLIANCE REVIEW **Q&A Session**

