
Ginnie Mae MBS Program Updates



AGENDA

Overview of Significant Policy Discussions

MBS Guide Format Changes

Impact of Revised Waiver Format Process

Upcoming Policy and Counterparty Risk Initiatives

ALL PARTICIPANTS MEMORANDUM



**Purpose**

Ginnie Mae implements risk parameters to enable tailored requirements for Issuers in various risk categories

Highlights

Ginnie Mae provides specific instances considered outside of acceptable risk parameters, including but not limited to requiring an Issuer's high-risk portfolio be recalibrated to fall within acceptable risk parameters, requiring portfolio diversification, restricting Issuer's participation in the PIIT program and/or multiple Issuer pools, etc. If an Issuer violates these requirements, Ginnie Mae may impose greater restrictions on that Issuer's participation in the MBS Program.

**Impacted
MBS Chapters**

Chapters 3, 5, 9, 10, 18



Purpose

Ginnie Mae's implements additional pooling eligibility requirements as part of the implementation of the prohibition in Act.

Highlights

The following definitions have been added to Chapter 24 of the MBS Guide to illustrate various scenarios resulting from APM 18-04 requirements.

| | |
|---|---|
| Refinance Loan | <ul style="list-style-type: none"> A loan secured by an interest in real property that is a refinancing made to pay off or satisfy one or more outstanding loans, debts, or liens associated with the corresponding real property. |
| Loan Refinancing a Mortgage Without a VA Guaranty | <ul style="list-style-type: none"> A Refinance Loan that is made to pay off a mortgage loan that is not insured or guaranteed under chapter 37 of title 38 of the United States Code, including but not limited to Refinance Loans made to pay off Conventional mortgage loans, FHA insured Refinance Loans, and USDA Rural Development Program guaranteed mortgage loans. |
| Loan Refinancing Non-Mortgage Debts | <ul style="list-style-type: none"> A refinance loan that is made to pay off or satisfy a lien placed on the corresponding secured property other than a lien associated with a previous mortgage loan, including but not limited to tax, judgement, and mechanic liens. |

If you have any questions regarding this announcement, please contact your Account Executive in the Office of Issuer and Portfolio Management directly, or at (202) 708-1535.

Highlights, cont.



Loan Refinancing a Mortgage Without Scheduled Monthly Payments

- A Refinance Loan that is made to pay off or satisfy an outstanding mortgage that provides, by its own terms, for no monthly payments.

Permanent Financing Construction Loan

- A loan used to provide permanent financing for a newly-constructed or renovated Single-family home and to satisfy an existing lien against such a home resulting from the corresponding construction or renovation project.

Re-Performing Refinancing Loan

- A Refinance Loan not more than 30 days delinquent, previously bought out from a pool or loan package backing a Ginnie Mae MBS, but that retains the same rate and terms as the rate and terms associated with such loan on the date loan was initially securitized in a Ginnie Mae MBS.

Modified Loan

- A mortgage loan that has undergone a rate and/or term modification pursuant to a duly executed loan modification agreement.

Impacted MBS Chapters

Chapter 24

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Purpose

Ginnie Mae expands additional risk parameters in specific MBS Guide Chapters, and provides consequences of non-compliance

Highlights

- Ginnie Mae will require corporate credit evaluations
- Ginnie Mae is implementing new notification requirements for Issuers engaged in certain subservicer advance or servicing income agreements:
 - Subservicers are required, upon request, to notify Ginnie Mae about advance or servicing income agreements that can impact an Issuer's ongoing liquidity position and financial obligations, including details about the frequency, amount, and purpose.
 - Issuers that enter into pledges of servicing income, or other transactions that encumber an Issuer's Servicing Income, that are not subject to an Acknowledgment Agreement, must notify their Account Executive via email no later than 15 business days after the date that the transaction agreement is executed.
- New risk factors imposed by Ginnie Mae that might trigger additional financial and operational requirements.

**Impacted
MBS Chapters**

Chapters 2,3,4,7, & 21

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APM 19-01 | Waiver Reissuance and Reformatted Guide

Purpose

Ginnie Mae's process review of MBS Guide terms waived, justification for waiver, and effected citation

Highlights

This APM requires all participants to submit PDF copy of each waiver held, with an accompanying narrative. Ginnie Mae's intent is to examine need for re-issuance of corresponding waiver. Any waivers not submitted in accordance with memorandum will be automatically rescinded.

Impacted MBS Chapters

All

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MBS PROGRAM UPDATES **New Guide**

Ginnie Mae implemented changes to the MBS Program Guide include updates to previous formatting and template, as well as content organization and topic mapping. Future alterations will include a policy rewrite, and updated references to the Operations Manual.

| Old Citation | New Citation |
|------------------------------|---------------------------|
| Chapter 15, Section 15-3(A) | Chapter 15, Part 3, § A |
| Chapter 21, Section 21-7 | Chapter 21, Part 7 |
| Chapter 2, Section 2-7(A)(1) | Chapter 2, Part 7, § A(1) |
| Chapter 3, Section 3-7(C)(6) | Chapter 3, Part 7, § C(6) |
| Chapter 2, Section 2-9(D) | Chapter 2, Part 9, § D |

LESSONS LEARNED:



- Centralization
- Responsibility
- Process

ISSUER IMPLICATIONS



- MSR Transfers
- Management of Expiration Dates
- Compliance

RELATIONSHIP TO COMPLIANCE



- Capital Requirement Deficiencies
- Document Exceptions
- Adjustment Date Exceptions

UPCOMING POLICY AND COUNTERPARTY RISK INITIATIVES



Rating Requirements for Issuers with Servicing Portfolios >\$25B



Revised Custodial Bank Rating Requirements



Additional Risk Factors –Portfolio Concentration



Changes to Demonstrated Participation Requirements

DOC CUSTODY UPDATES

Acceptability of trailing document electronic or digital equivalents

- *i.e.* Electronically recorded security instruments
 - *i.e.* Digital copy of title policy
- Acceptability of digital equivalents (the issuer side/summary of the doc custody discussion)