

## ISSUER APPLICATION CHECKLIST

Mortgage lenders seeking to apply to become an Issuer or current Issuers seeking Expanded Authority of Ginnie Mae mortgage-back securities should use this checklist in preparing submissions. Additional information regarding the application process and Issuer requirements can be found in the Ginnie Mae Mortgage-Backed Securities Guide, Chapters 2 and 7.

### **Checklist of Information and Forms Required to be Submitted by Applicant for Ginnie Mae Issuer Approval:**

#### **1. Form HUD-11701: Application for Approval Ginnie Mae Mortgage-Backed Securities Issuer**

##### *Section A: General Information*

Information contained in Section A has already been collected in the application portal. Carefully complete all fields in the Ginnie Mae Application Portal.

- Clarifications for Selected Fields:
  - Applicant's DBA, if applicable (1b) - If a DBA is present, applicant must provide the Secretary of State's approval for use of the fictitious name.
  - Applicant's fax number (2b) and contact person's fax number (6a) – These fields must be completed.
  - Applicant's geographic address (3) – The box for “Attention” must reflect a title and not an individual's name.
  - List of all owners with 25% or greater ownership interest and all officers (14) – Title, Date of Birth, and percentage ownership is required.

##### *Section B: History and Business Status*

Answer Questions 1 through 7. Provide an explanation on a separate sheet for any questions that are answered “Yes”.

##### *Section C: Supplemental Information*

(Items 1, 2, 3 and 4 below have already been collected in the application portal)

- 1. FHA Mortgagee Number.
- 2. Fannie Mae Seller/Servicer Number, if applicable.
- 3. Freddie Mac Seller/Servicer Number, if applicable.
- 4. Total dollar amount of mortgage servicing and subservicing portfolio.
- 5. Narrative describing the history of the applicant, including current number of employees.
- 6. Narrative describing the applicant's business/operational plans.

- 7. Loan origination history for the prior three years, including year to date (include “as of” date), using Appendix A at the end of this document.

#### *Section D: Ginnie Mae Certifications*

The signed original Form HUD-11701 must be mailed to Ginnie Mae at the following address:

Government National Mortgage Association  
Office of Enterprise Risk - Counterparty Risk Analysis Division  
451 7th Street, SW, Room B-133  
Washington, DC 20410

### **2. Form HUD-11702: Resolution of Board of Directors and Certificate of Authorized Signatures**

One original signed copy is required - Persons signing any forms and/or pool or loan documents must be included on the Form HUD-11702.

- Include AT LEAST two Security Officers on the Form HUD-11702. The Security Officers are needed in order to obtain an RSA SecurID token once the application is approved by Ginnie Mae.
- Original signature of three or more officers (including the Secretary of the Board of Directors) is required (page 1).
- Certification regarding the presentation to the Board of Directors must have all blanks completed (page 2).
- Corporate seal required (page 2) – If the applicant is not required to have a corporate seal, provide a written statement on a separate sheet that the state of incorporation does not require a corporate seal.
- Section regarding the witnessing of the document must have all blanks completed (page 2) – The person signing as the secretary and the person signing as the officer cannot be the same person.
- The signed original Form HUD-11702 must be mailed to Ginnie Mae at the following address:

Government National Mortgage Association  
Office of Enterprise Risk - Counterparty Risk Analysis Division  
451 7th Street, SW, Room B-133  
Washington, DC 20410

### **3. Application Payment Receipt**

- Payment must be made via pay.gov in the amount of \$2,500 (this payment is non-refundable).
- Provide evidence that the payment was made when submitting the application package.

#### **4. Audited Financial Statements for the Past Three Years**

(Not required for current Ginnie Mae Issuers requesting Expanded Authority)

One copy of the annual audited financial statements for the past three years with all supplements (i.e. adjusted net worth schedule, internal control and compliance reports).

- If auditor notes any internal control and/or compliance deficiencies in any of the audits for the past three years, provide a detailed explanation.
- If any of the audited income statements for the past three years reflect a net loss, provide an explanation for the loss.
- Include consolidating schedules, if applicable.
- Ginnie Mae's adjusted net worth requirements are based on audited financials and most recent quarterly statements and are as follows:
  - \$2.5 million for the Single Family Program
  - \$1 million for the Multifamily Program
  - \$5 million for the HMBS Program
  - \$10 million for the Manufactured Housing Program
- If the applicant is applying to multiple programs, the adjusted net worth requirements for each desired program are cumulative. For example, if an applicant is applying to the Single Family and HMBS Programs, \$7.5 million in adjusted net worth is required (\$2.5 million for Single Family and \$5 million for HMBS).
- **Note:** Equity is adjusted as per HUD OIG Audit Guide, Chapter 6, Attachment A. There are 12 specific asset classes that reduce the book value of an applicant's equity—such adjustments are very common. Those assets include Related Party Receivables, Intangible Assets, Other Assets, and Assets Used for the Benefit of an Officer (i.e. assets not used for the normal business purposes of mortgage lending).

#### **5. Interim Financial Statements**

One copy of interim financial statements.

- The interim statements must include the following certification signed by a corporate officer: "I Name of Officer hereby certify that the information contained herein is true and accurate to the best of my knowledge and belief. The enclosed unaudited financial statements were prepared in accordance with GAAP."
- If the interim income statement reflects a net loss, provide an explanation of the loss.

#### **6. Dollar Value of Loans to Officers/Directors/Affiliates as of the Most Recent Financial Audit**

- If none, provide a statement to that effect.

#### **7. Dollar Value of Any Pledged Assets or Related Party Transactions as of the Most Recent Financial Audit**

- If none, provide a statement to that effect.

## **8. License of Audit Firm**

- External auditor’s license that shows the auditor was licensed when the audited financial statements were issued and includes the current expiration date of the license.
- If the applicant changed auditors in the last three fiscal years, provide an explanation for the change.

## **9. Evidence of Fidelity Bond Insurance Coverage (Complete Copy of Policy)**

**(Not required for current Ginnie Mae Issuers requesting Expanded Authority)**

A complete copy of the entire policy is required.

- The applicant’s name is on the policy or listed as an added assured.
- The policy has not expired – effective date and termination date are on policy.
- The dollar amount is on the certificate and meets Ginnie Mae’s minimum insurance requirements (insurance calculation is in Chapter 2, Section 7(D) of the Ginnie Mae MBS Guide).
- The appropriate Ginnie Mae endorsement has been provided as follows (if the endorsement is on a separate page, the policy or certificate number must be included on that page and must match the policy or certificate number on policy):

“In the event of a loss affecting the interest of the Government National Mortgage Association, The Government National Mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.”

- The policy contains the following required elements (list is in Chapter 2, Section 7(B) of the Ginnie Mae MBS Guide):
  - Ginnie Mae shall have the right to file a claim directly with the insurer and be paid directly by the insurer.
  - Ginnie Mae shall be notified if the insurer cancels or amends an Issuer’s fidelity bond or errors & omissions coverage, whether for cause or at the request of the Issuer.
  - Ginnie Mae shall be named as a loss payee on drafts issued by the insurer to cover a loss affecting Ginnie Mae’s interest.
  - The policy does not terminate automatically upon certain events, such as takeovers by federal or state entities.
  - The policy must not have a deductible that exceeds ratios set in accordance with portfolio size.
- In addition to the required policy, a Certificate of Insurance is required.
  - The dollar amount is on the certificate and meets Ginnie Mae’s minimum insurance.
  - Ginnie Mae is listed as the certificate holder and must read as follows (Chapter 2, Section 7(G) of Ginnie Mae MBS Guide):

Government National Mortgage Association  
c/o Ginnie Mae-Special Projects Group  
4201 Wilson Boulevard, #110-#368  
Arlington, VA 22203

**10. Evidence of Errors & Omissions Coverage (Complete Copy of Policy)**

(Not required for current Ginnie Mae Issuers requesting Expanded Authority)

A complete copy of the entire policy is required.

- The applicant's name is on the policy or listed as an added assured.
- The policy has not expired – effective date and termination date are on policy.
- The dollar amount is on the certificate and meets Ginnie Mae's minimum insurance requirements (insurance calculation is in Chapter 2, Section 7(D) of the Ginnie Mae MBS Guide).
- The appropriate Ginnie Mae endorsement has been provided as follows (if the endorsement is on a separate page, the policy or certificate number must be included on that page and must match the policy or certificate number on policy):

“In the event of a loss affecting the interest of the Government National Mortgage Association, The Government National Mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.”

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  - The policy does not terminate automatically upon certain events, such as takeovers by federal or state entities.
  - The policy must not have a deductible that exceeds ratios set in accordance with portfolio size.
- In addition to the required policy, a Certificate of Insurance is required.
  - The dollar amount is on the certificate and meets Ginnie Mae's minimum insurance
  - Ginnie Mae is listed as the certificate holder and must read as follows (Chapter 2, Section 7(G) of Ginnie Mae MBS Guide):

Government National Mortgage Association  
c/o Ginnie Mae-Special Projects Group  
4201 Wilson Boulevard, #110-#368  
Arlington, VA 22203

### **11. Quality Control Plans for Underwriting/Origination and Servicing/Subservicer Oversight**

Complete copies of both underwriting/origination and servicing/subservicer oversight quality control plans should be provided that contain detailed procedures including the types of reviews completed and the frequency of each review.

- If the applicant is contracting out their underwriting/origination or servicing functions, the applicant must provide an oversight plan detailing how they will monitor the contracted companies to ensure quality is maintained in accordance with Ginnie Mae guidelines.

### **12. Evidence of Quality Control Report for Underwriting/Origination and Servicing/Subservicer Oversight**

Provide a copy of the most recent underwriting/origination and servicing/subservicer oversight quality control reviews, including management's response for the resolution of audit findings.

- If a quality control review has not been performed, provide a statement to that effect.

### **13. Evidence of Policies and Procedures for Secondary Marketing and Capital Markets**

(Not required for current Ginnie Mae Issuers requesting Expanded Authority)

- Established pricing and rate lock policies and procedures.
- Process for obtaining pre-commitments from approved investors and placement of the loan with an approved placement agent.
- Mortgage Backed Security trade and execution and hedging process and procedures.
- List of established broker relationships.

### **14. Contact information for Mortgage Insurance Companies, Warehouse Lenders and Investors with Whom the Applicant Is Currently Doing Business**

- For each contact include the entity name(s), address(es), telephone number(s) and contact person(s).
- Signed letter from each warehouse lender that states the amount and expiration date of the line.
- If none, provide a statement to that effect.

### **15. List of States in Which the Applicant Is Currently Licensed**

### **16. List of All Business Lines the Applicant Is Involved in and Any Other Noteworthy Industry or Business Relationships**

## **17. Statement Describing the Applicant's Board of Directors**

- Include the number of directors, how long each has served on the board, identify the Chairman, and note if members are internal or external to the applicant firm.

## **18. Organizational Chart for Corporate Family and Affiliates**

- Organizational chart showing parent/sub relationship and any affiliated Ginnie Mae or non-Ginnie Mae Issuers.
- For any affiliated Ginnie Mae Issuers, include their Ginnie Mae Issuer ID number.
- If none, provide a statement to that effect.

## **19. Organizational Chart of Applicant Entity and Key Personnel**

- Organizational chart showing ALL functional areas of applicant entity. Roles/titles must include names of key personnel that will be involved in Ginnie Mae mortgage lending activity.
  - This chart should identify which individual(s) will be responsible for originations, underwriting, servicing/investor reporting, asset management, and capital markets/secondary marketing.
  - Note: Detailing staff members of critical Ginnie Mae functions is advantageous to the application. For example, if Jane Doe is listed as the Servicing Manager and no supporting staff members are shown, the application will be evaluated as submitted--even if in fact a capable team exists under the listed manager.

## **20. Provide Employee Level Details Related to Government Servicing Experience**

- Complete the Servicing Experience Elaboration Form (Appendix B) in reference to individuals who will be directly responsible for areas relating to servicing/investor reporting (i.e. payment processing, investor reporting, custodial account reconciliation, and collections) and areas relating to asset management (i.e. loss mitigation, default reporting, bankruptcy, foreclosure, REO disposition, and claims processing).
- **Note:** The experience noted should be related to government servicing experience only.

## **21. Officer and Employee Resumes**

- Resumes for ALL individuals listed on the Form HUD-11701 and Form HUD-11702 as well as the resumes of the key individuals identified as responsible for the following functions related to government loans: originations, underwriting, servicing/investor reporting, asset management, and capital markets/secondary marketing.
- A minimum of three officers and one full-time employee must be provided.

## **22. Officer and Employee Information**

- For ALL Individuals on the Form HUD-11701 and Form HUD-11702, provide a separate sheet that includes the following information:
  - Full Name
  - Date of birth
  - Current home address



**23. Narrative Describing Applicant’s Originating and Servicing Experience Related to FHA, VA, PIH and/or RD**

- The narrative should detail the experience present for each program.
- Include the original approval letter(s) for VA, PIH, and/or RD. If the applicant is not approved with these entities, provide a statement to that effect.
- If the applicant’s FHA Origination Compare Ratio is higher than 150% per FHA Neighborhood Watch, provide a detailed explanation.
- If the applicant’s FHA Servicing Compare Ratio is higher than 100% per FHA Neighborhood Watch, provide a detailed explanation.

**24. Date of Applicant’s Most Recent FHA, VA, and/or RD Field Review and Copy of Findings**

- Copy of the most recent FHA, VA, PIH and/or RD field review.
- Include a copy of management responses to any findings noted and the agency’s resolution letter.
- If none, provide a statement to that effect.

**25. Applicant’s Originating and Servicing Experience Related to Freddie Mac**

- Provide original signed approval letter on Freddie Mac letterhead including the lender number, date of approval, and approval type (i.e. seller and/or servicer).
- If the applicant is Freddie Mac approved, provide a statement indicating if Freddie Mac has ever imposed any restrictions on the applicant.
- If not Freddie Mac approved, provide a statement to that effect.

**26. Applicant’s Originating and Servicing Experience Related to Fannie Mae**

- Provide original signed approval letter on Fannie Mae letterhead including the lender number, date of approval, and approval type (i.e. seller and/or servicer).
- If the applicant is Fannie Mae approved, provide a statement indicating if Fannie Mae has ever imposed any restrictions on the applicant.
- If not Fannie Mae approved, provide a statement to that effect.

**27. Date of Applicant’s Most Recent Fannie Mae and/or Freddie Mac Field Review and Copy of Findings**

- Copy of the most recent Fannie Mae and/or Freddie Mac field review.
- Include a copy of management responses to any findings noted and the agency’s resolution letter.
- If none, provide a statement to that effect.

**28. List of All Loan Types That Are Originated and/or Serviced by the Applicant**

- Include source of originations (i.e. retail, correspondent and/or broker).



### **29. Current Servicing Portfolio Statistics (Include “as of” Date)**

- Total servicing portfolio of the applicant and any related Issuer(s) if covered by the same insurance policy.
- Total number of loans and UPB of loans serviced for each investor.
- Delinquency statistics of the servicing portfolio, broken down by investor and loan type.
- Differentiate between in-house and subserviced portfolio (if applicable).

### **30. Applicant’s Plans for Servicing Ginnie Mae Pooled Loans**

- Procedures/plans for servicing Ginnie Mae pools (in-house or subservicing).
- Servicing software system used by the applicant (or the applicant’s subservicer).
- Note: Subservicing is not allowed for Manufactured Housing (Title I Issuer MUST service MH pools in house).

### **31. Executed Subservicing Agreement Signed by Both Parties, if a Subservicer Will Be Used**

- If a subservicer will be used, provide a copy of the employee’s resume that has been selected to oversee the subservicer’s activities.
- Note: This individual must have extensive servicing experience including payment processing, investor reporting, collections, loss mitigation, among other servicing activities.

### **32. Intended Activities with Ginnie Mae, Including Short and Long-Term Volume Expectations**

- 12, 18, and 24-month projections for Ginnie Mae security issuances in dollar amounts are required.
- Explanation of how the applicant plans to achieve the projections.

### **33. Brief Narrative of the Applicant’s Securitized Mortgage Activity**

- Information on the applicant’s participation agreements with any Wall Street Firms. If none, provide a statement to that effect.
- Information on the applicant’s securitization history with Fannie Mae and Freddie Mac.
  - Does the applicant sell through the cash window? If so, how much is sold monthly with each entity, and how long has the applicant has been selling to Fannie Mae and Freddie Mac through the cash window?
  - If none, provide a statement to that effect.

### **34. Copy of Anti-Discrimination Policies in Accordance with the Ginnie Mae MBS Guide, Chapter 2-14**

**APPENDICES**

**Appendix A: Loan Production Breakdown**

<b>Year to Date Production – As of MM/DD/YYYY</b>		
<b>Loan Type</b>	<b>Dollars</b>	<b>% of Total</b>
Government Insured		
Conventional		
Other		
<b>Total</b>		
<b>Year to Date Production Channel Breakout</b>		
<b>Source</b>	<b>Dollars</b>	<b>% of Total</b>
Retail		
Wholesale		
Other		
<b>Total</b>		
<b>Year to Date Production Purpose Type Breakout</b>		
<b>Loan Purpose</b>	<b>Dollars</b>	<b>% of Total</b>
Purchase		
Refinance		
<b>Total</b>		

<b>Most Recent Prior Year Production – As of Year Ending MM/DD/YYYY</b>		
<b>Loan Type</b>	<b>Dollars</b>	<b>% of Total</b>
Government Insured		
Conventional		
Other		
<b>Total</b>		
<b>Prior Year Production Channel Breakout</b>		
<b>Source</b>	<b>Dollars</b>	<b>% of Total</b>
Retail		
Wholesale		
Other		
<b>Total</b>		
<b>Prior Year Production Purpose Type Breakout</b>		
<b>Loan Purpose</b>	<b>Dollars</b>	<b>% of Total</b>
Purchase		
Refinance		
<b>Total</b>		

<b>Prior Year Production – As of Year Ending MM/DD/YYYY</b>		
<b>Loan Type</b>	<b>Dollars</b>	<b>% of Total</b>
Government Insured		
Conventional		
Other		
<b>Total</b>		

<b>Prior Year Production – As of Year Ending MM/DD/YYYY</b>		
<b>Loan Type</b>	<b>Dollars</b>	<b>% of Total</b>
Government Insured		
Conventional		
Other		
<b>Total</b>		

**Appendix B: Servicing Experience Detail Worksheet**

Please fill out the following tables to elaborate on the servicing experience of you and your staff.

**\*\*This servicing experience should be clearly marked as government loan servicing experience\*\***

*Example:*

**Claims Processing**

Name of Employee	Months/Years	Company	Experience
John Doe	8/1992 – 5/1999	ABC Servicer, Inc.	Processed claims for FHA and VA loans. Implemented procedures to reduce curtailments.

**Payment Processing**

Name of Employee	Months/Years	Company	Experience

**Investor Reporting**

Name of Employee	Months/Years	Company	Experience

**Custodial Account Reconciliation**

Name of Employee	Months/Years	Company	Experience

**Collections**

Name of Employee	Months/Years	Company	Experience

**Loss Mitigation**

Name of Employee	Months/Years	Company	Experience

**Default Reporting**

Name of Employee	Months/Years	Company	Experience

**Bankruptcy**

Name of Employee	Months/Years	Company	Experience

**Foreclosure**

Name of Employee	Months/Years	Company	Experience

***REO Disposition***

Name of Employee	Months/Years	Company	Experience

***Claims Processing***

Name of Employee	Months/Years	Company	Experience