



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

November 29, 2010

APM 10-22

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: New Financial Requirements – Multifamily Issuers

Ginnie Mae is changing the financial requirements for institutions participating in the Multifamily Program to ensure that its program requirements align with the rapidly changing housing finance market. The changes to the financial requirements include an increase in the net worth requirement and new liquid and capital asset requirements.

Increase in Net Worth Requirements

Ginnie Mae is increasing the base net worth requirement for Multifamily Program participants from the current \$500,000 base net worth requirement to \$1 million. In addition, the formula for calculating the additional net worth required above the base net worth requirement is changing. Currently, the additional net worth is calculated as .2% of Remaining Principal Balance (RPB), plus the amount of available commitment authority and unexpended construction loan draws greater than \$35 million. With this change, additional net worth will be calculated as 1% of RPB, plus the amount of available commitment authority and unexpended construction loan draws in excess of \$25 million, but less than \$175 million, plus an additional .2% of RPB, available commitment authority and unexpended construction loan draws greater than \$175 million.

Program	Current Net Worth Requirement		New Net Worth Requirement	
	Base	Additional Net Worth	Base	Additional Net Worth
Multifamily	\$500,000	Add .2% of RPB, plus the amount of available commitment authority and unexpended construction draws greater than \$35 million.	\$1,000,000	Add 1% of RPB, plus the amount of available commitment authority and unexpended construction loan draws in excess of \$25 million, but less than \$175 million, and an additional .2% of RPB, plus the amount of available commitment authority and unexpended construction loan draws greater than \$175 million.

Effective immediately, institutions that are seeking Issuer approval will be required to meet the new minimum net worth requirements. Existing Issuers will have until May 1, 2011, to meet the new net worth requirements.

Liquid Asset Requirements

Ginnie Mae is also instituting a new liquid asset requirement. Ginnie Mae will require that Issuers eligible for these programs have liquid assets of 20 percent of Ginnie Mae's net worth requirement. The new liquid asset requirement will help to ensure funds are available when there is a need for cash to fund loan buyouts and/or to pay for potential indemnification requests from insuring agencies. Multifamily Issuers will have until October 1, 2011, to meet the new liquid asset requirements.

Institution-Wide Capital Requirements

Ginnie Mae is adopting institution-wide capital requirements. The capital requirement provides better assurance that Issuers have sufficient capital to cover their financial risks on an institution-wide basis. The capital requirements are as follows:

Banks and Thrifts Well Capitalized Under Federal Banking Regulations	Non Banks, Credit Unions, and Subsidiaries
<ol style="list-style-type: none"> 1. 5% of Tier 1 Capital/Total Assets 2. 6% of Tier 1 Capital/Risk Based Assets 3. 10% of Total Capital/Risk Based Assets 	<ol style="list-style-type: none"> 1. 6% of Total Equity / Total Assets

The new capital requirements will be effective on October 1, 2011, for all Multifamily Issuers.

Applicable changes to Ginnie Mae's Mortgage-Backed Securities Guide 5500.3, Rev. 1 (Guide), will be posted by early December under the "What's New" section of Ginnie Mae's website at www.ginniemae.gov. HUD Audit Guide changes are forthcoming and will be posted upon receipt.

If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.