



Ginnie Mae Overview

Boot Camp Training



@GinnieMaeGov



/ginniema.gov

Ginnie Mae in a Nutshell

What?

- Guarantees investors the payment of principal and interest due on Mortgage Backed Securities (MBS) issued under Ginnie Mae's program. The MBS must be backed by mortgage loans that are guaranteed or insured by the U.S. Government (FHA, PIH, VA, USDA).

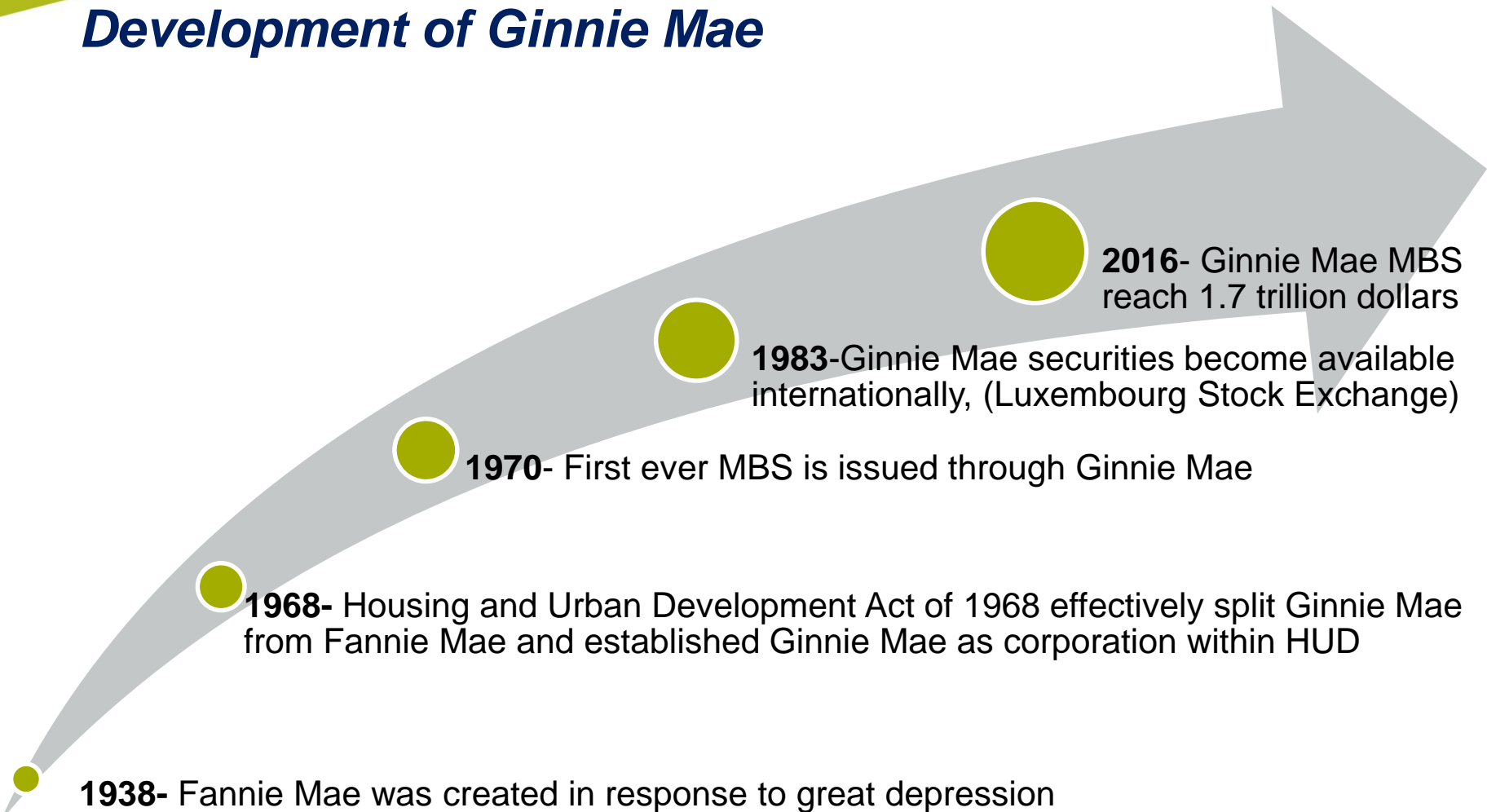
Why?

- To attract domestic and global capital to the nation's housing finance markets as well as to improve the ability to trade mortgage investments (liquidity), which together Benefit first-time homeowners as well as low and moderate income borrowers

How?

- Provides the framework and infrastructure needed by approved entities (Issuers) to pool loan and loan packages as collateral for a MBS that will carry the Ginnie Mae guaranty.
- Issuers obtain the right to issue MBS carrying Ginnie Mae's guaranty, by entering into a Guaranty Agreement with Ginnie Mae, which requires Issuers to pay a monthly guaranty fee and abide by requirements detailed in the Mortgage Backed Securities Guide, HUD Handbook 5500.3, REV-1.

Development of Ginnie Mae



1938- Fannie Mae was created in response to great depression

1968- Housing and Urban Development Act of 1968 effectively split Ginnie Mae from Fannie Mae and established Ginnie Mae as corporation within HUD

1970- First ever MBS is issued through Ginnie Mae

1983- Ginnie Mae securities become available internationally, (Luxembourg Stock Exchange)

2016- Ginnie Mae MBS reach 1.7 trillion dollars

Differences between Ginnie Mae and Other Industry Participants

Insuring Agencies

Ginnie Mae does not insure lenders against borrower credit risk

Ginnie Mae does not set credit or underwriting standards

GSE's

Ginnie Mae does not purchase loans or MBS*

Ginnie Mae does not issue or sell MBS*

Lenders/Servicers

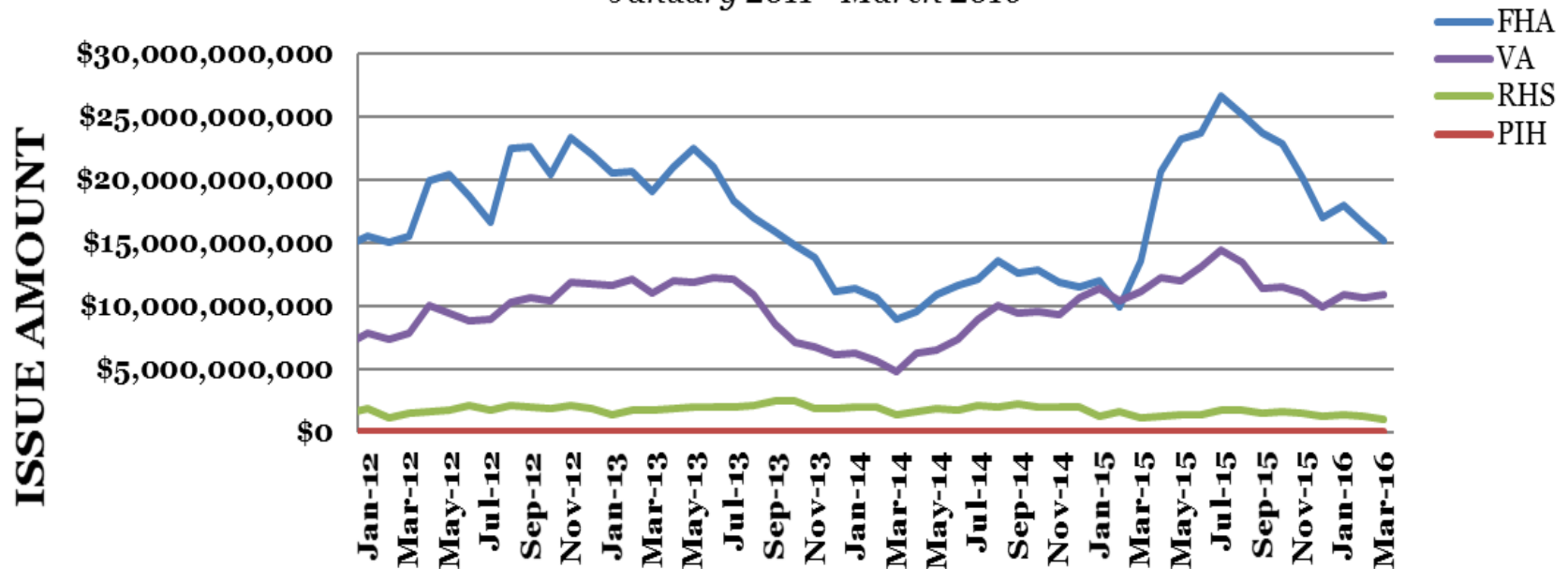
Does not originate loans or provide financing for other lenders

Does not service loans, with the exception of seized portfolios

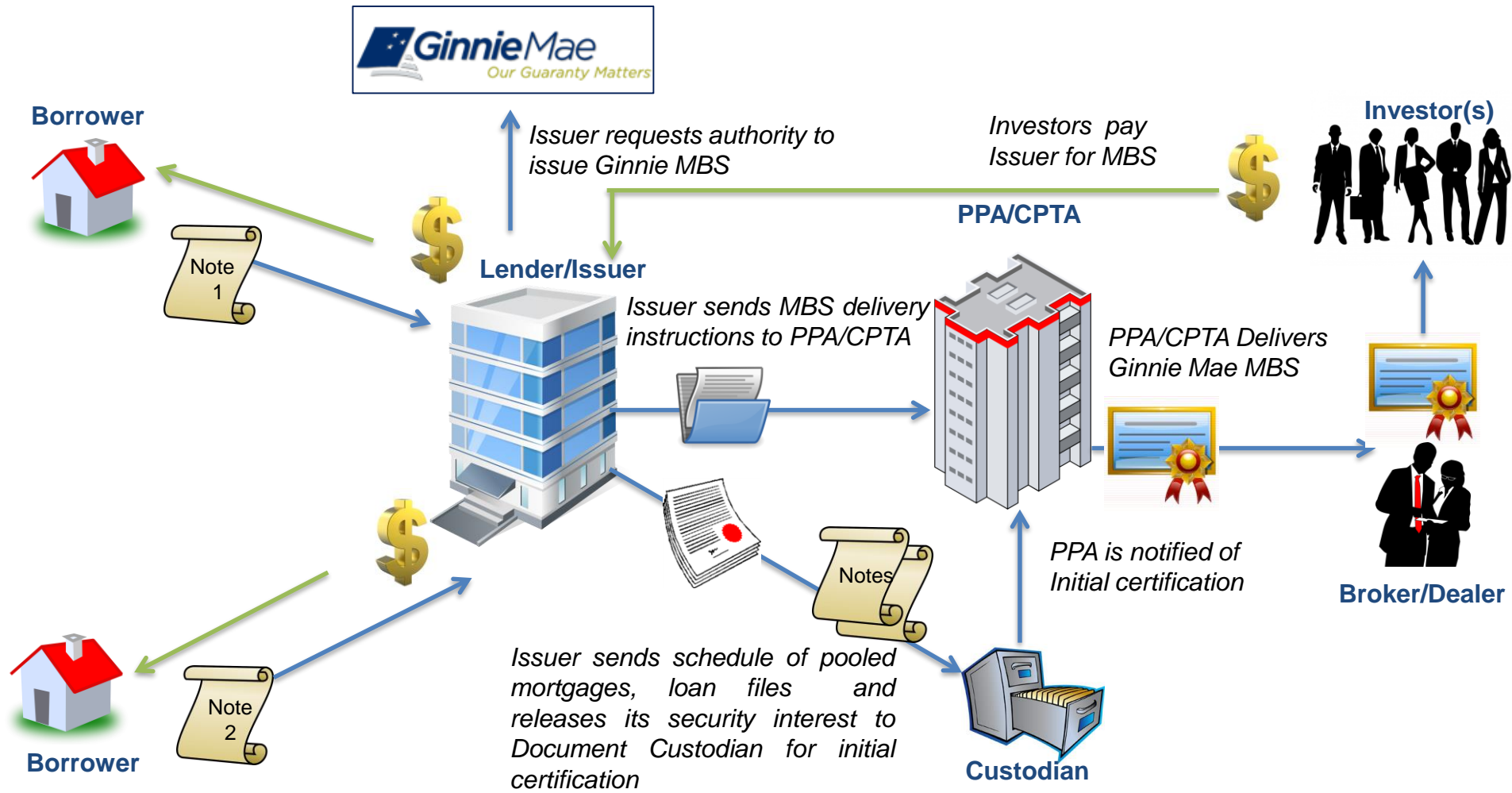
**Under the Multiclass program, Ginnie Mae does momentarily acquire and subsequently Issue MBS comprised of other Ginnie Mae MBS (i.e. Platinum securities)*

CONSTITUENT FIXED RATE ISSUE AMOUNT

January 2011 - March 2016

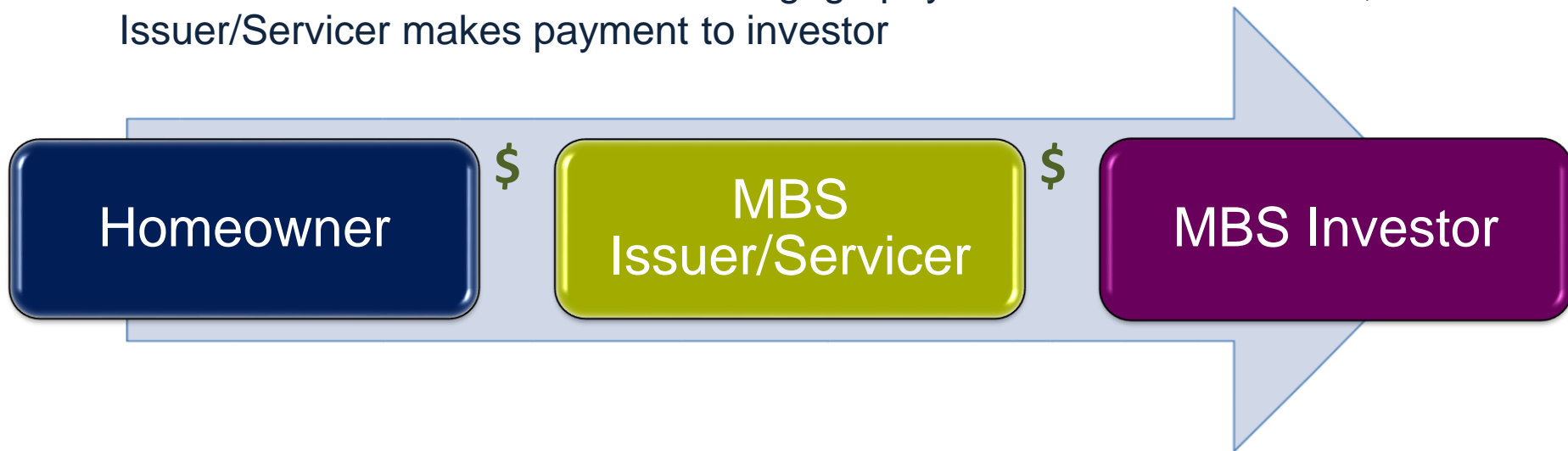


Issuance Process

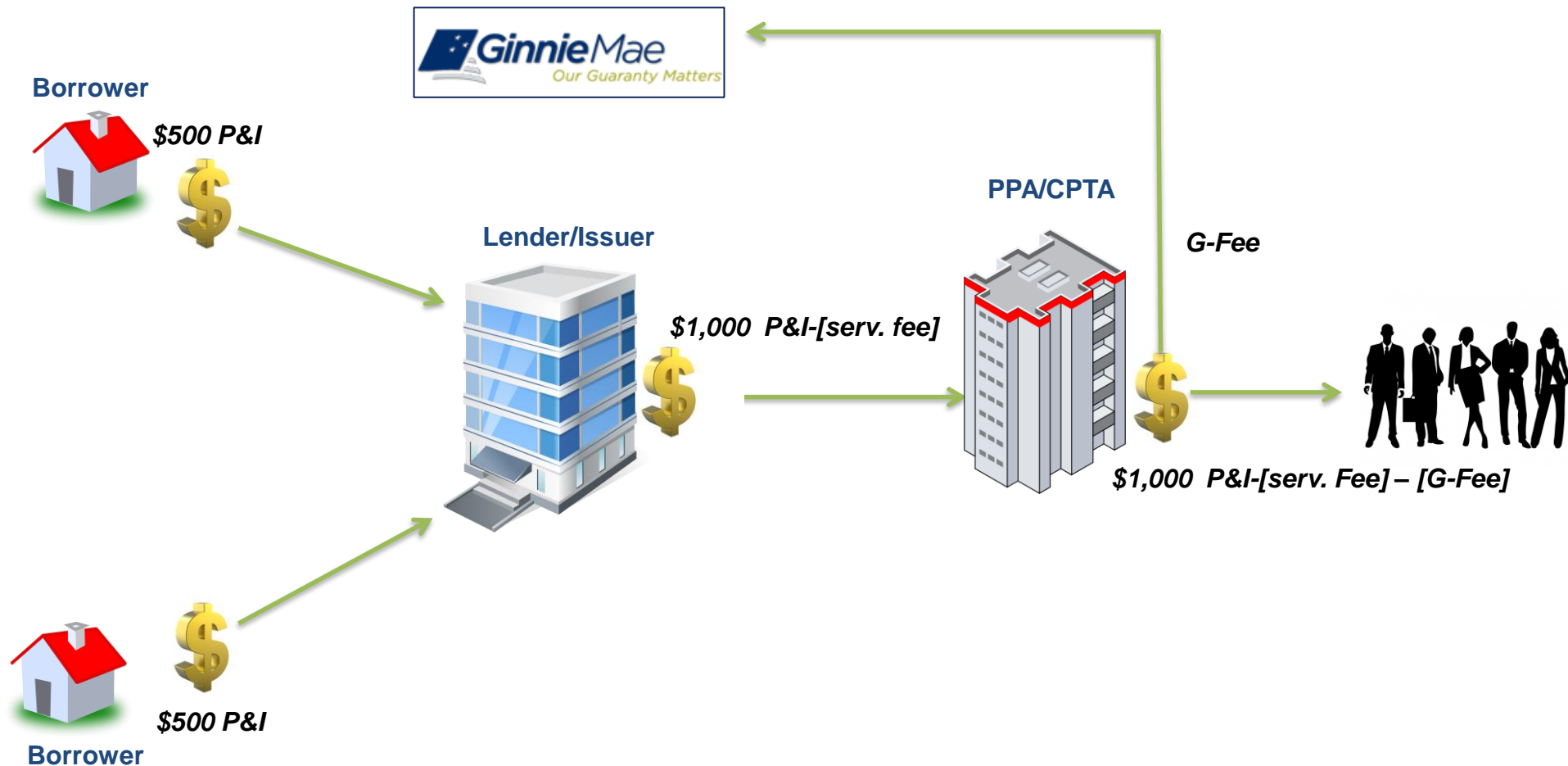


Monthly Pass Through Process—In General

- Ginnie Mae MBS is the legal obligation of the Issuer/Servicer;
- Issuer/Servicer is required to make P&I payment to investor regardless of whether borrower made his/her payment.
- Issuer/Servicer is required to make G-Fee payment to Ginnie Mae regardless of whether borrower made his/her payment
- Cash Flow: Homeowner makes mortgage payment to Issuer/Servicer, then Issuer/Servicer makes payment to investor



Monthly Pass Through Process—Performing Loans

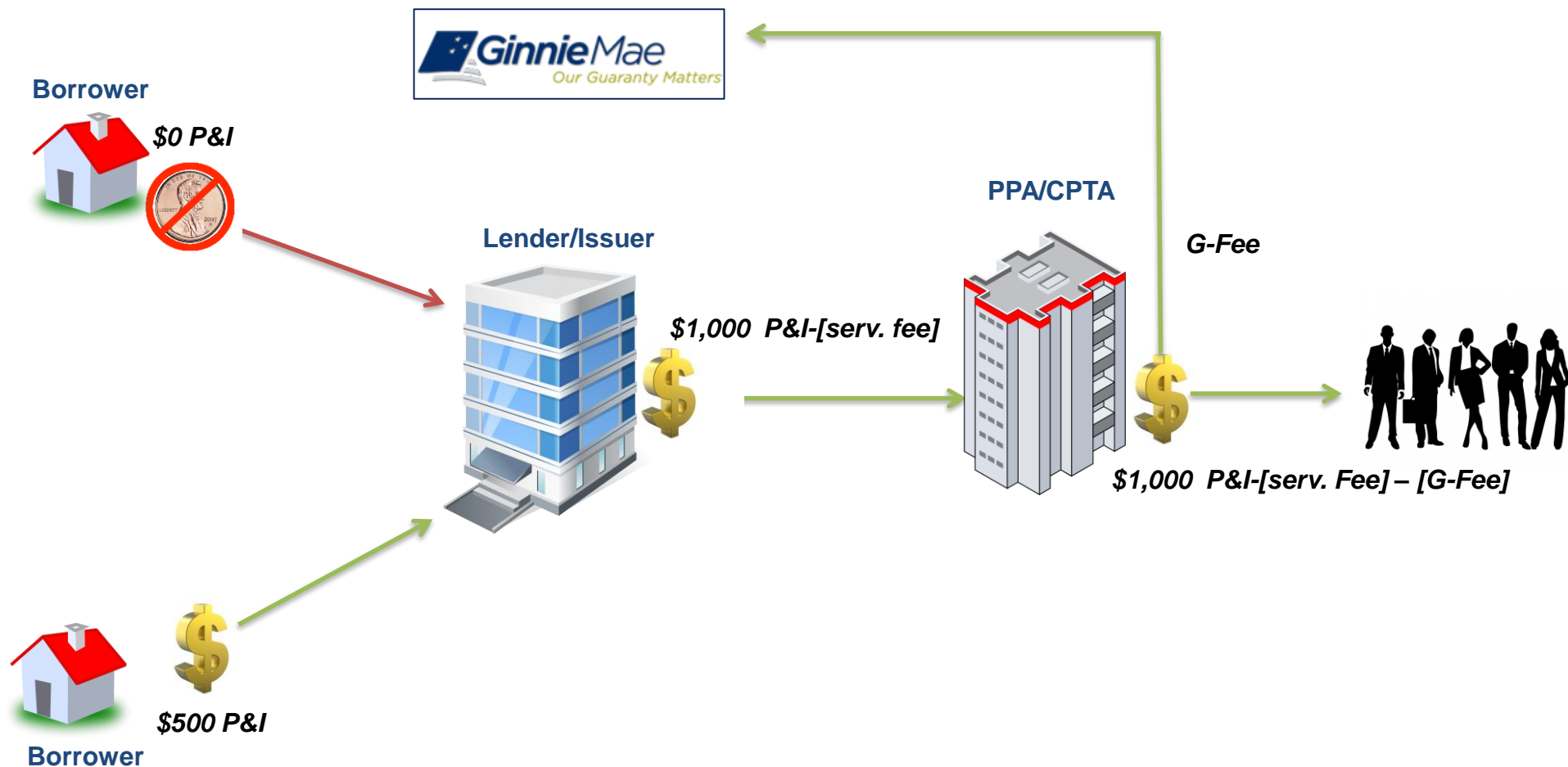


Monthly Pass Through Process—Advance Requirements

“If necessary to cover shortfalls in collections, the Issuer must advance its own funds in order to ensure that timely payment of all amounts due security holders is made”

Mortgage Backed Securities Guide, Chapter 14-4, Section D

Monthly Pass Through Process–Non-Performing Loans



Removal of Loans from Pools

Issuers may not buy loans out of Ginnie Mae securities except in certain circumstances, in order to maintain the integrity of the securities on the capital markets.

Buyouts and Removal of Pooled Loans

Defective Loans

- Mandatory buyout, See Chapter 14 Part D
- A mortgage that cannot be insured or guaranteed by FHA/VA/RD/PIH or where the insurance or guaranty has been withdrawn.
- A mortgage that is outside the pooling parameters for the pool issued. Defective loans must be bought out of securities. May substitute within 4 months of issuance

90+Days Delinquent Loans

- See Chapter 18 and Chapter 19 generally
- Loans in a continuous period of default for 90 days or more may be bought out of securities without prior, written approval from Ginnie Mae
- Ginnie Mae may require defaulted loans to be bought out if Issuer's portfolio exceeds certain delinquency thresholds or after consideration of Issuer's financial position

MBS Program Key Legal and Governing Documents

Ginnie Mae Statute, 12 U.S.C. 1716 *et seq.*

Ginnie Mae Regulations, 24, CFR 320-350.11

Mortgage Backed Securities Guide, HUD Handbook 5500.3 REV 1

Ginnie Mae Guaranty
Agreement

MBS Program
Agreements

MBS Program Forms

MBS Prospectus

Ginnie Mae Guaranty Agreement

Executed upon pooling and securitization.

Transfers all right, title, and interest in the underlying mortgages to Ginnie Mae.

Binds Issuers to comply with all Ginnie Mae program requirements described in the most recent version of the Ginnie Mae MBS Guide.

Provides Ginnie Mae the right to extinguish and seize the Issuer's interest in the underlying mortgage, including servicing rights upon default.

Master Agreements

Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD-11702, or its equivalent

The master agreements must be executed by a signatory on the form HUD-11702 and must be updated annually.

HUD-11709 Master Agreement for Servicer's Principal and Interest Custodial Account

HUD-11709-A ACH Debit Authorization

HUD-11707 Master Servicing Agreement (requires Ginnie Mae Approval)

HUD-11715 Master Custodial Agreement (requires Ginnie Mae Approval)

HUD-11720, Master Agreement for Servicer's Escrow Custodial Account

Collected by Pool Processing Agent, Bank of New York Mellon (BNY).

Other Relevant Forms and Appendix Documents

Form HUD-11705,
Schedule of Subscribers
and
Ginnie Mae Guaranty
Agreement

Form HUD-11706,
Schedule of Pooled
Mortgages

Form HUD-11708,
Requests for Release of
Loan Document

Form HUD-11711 A&B
Release of Interests

Document Custody
Manual, Appendix V-01

Ginnie Mae Systems
Access Forms, Appendix
III-29

Prospectus

Disclosure documents
for each security type

Offer to sell securities

Sets forth the facts,
essential data, and
potential risks

For investor to make an
informed decision

Changes to the MBS Guide

Effectuated through publication of All Participant Memorandums (“**APM**”)

Publication of APMs precede policy updates

Implementation period for new policies or requirements varies depending on the nature and degree of disruption associated with the change in question

APMs are published with a draft of the MBS Guide reflecting the updated policies or requirements

Key MBS Guide Content



Chapters 2 and 3 – Eligibility requirements
Chapter 4 – Servicing responsibilities and permissible subservicing arrangements
Chapter 9 – pooling parameters
Chapter 11 – Issuer Responsibilities related to pool certification
Appendix V-01 – Document Custody Manual

External Ginnie Mae Applications

GinnieNET



- ☐ Pooling activities
- ☐ Pool certification activities
- ☐ Issuance activities

Reporting and Feedback System (RFS)



- ☐ Monthly pool and loan level reporting system
- ☐ Issuer Operational Performance Profile (IOPP)
- ☐ E- notifications

Master Agreement Management System (MAMS)



- ☐ Database for Master Agreements
- ☐ Also used to submit and renew agreements
- ☐ Access is segregated by Entity Type

Integrated Pool Management System (IPMS)



- ☐ System of Record for security data and Issuer transaction
- ☐ Central Registry
- ☐ Used to request pool numbers
- ☐ Request commitment and accept fees
- ☐ PTS for pool transfers

*** Applications in green are housed within the Ginnie Mae Enterprise Portal (GMEP)