

GINNIE MAE

Single-Family Issuer Bootcamp Training

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Overview and Objectives

Overview:

The training is intended to inform new Issuers and new employees at existing Issuers on Ginnie Mae Single-Family Mortgage-Backed Securities (MBS) program and policy foundations.

Objectives:

By the end of this presentation, the Issuer will be better able to:

- Understand the process for Issuer application and approval, MBS issuance, and mortgages administration.
- Understand the participants' requirements and Issuers' responsibilities in both Ginnie Mae I & II MBS Programs.

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:
 - Increase the availability of funds for mortgages, and
 - 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 a set of requirements detailed in the Mortgage Backed Securities Guide, HUD Handbook 5500.3, REV-1.

Ginnie Mae MBS Basics

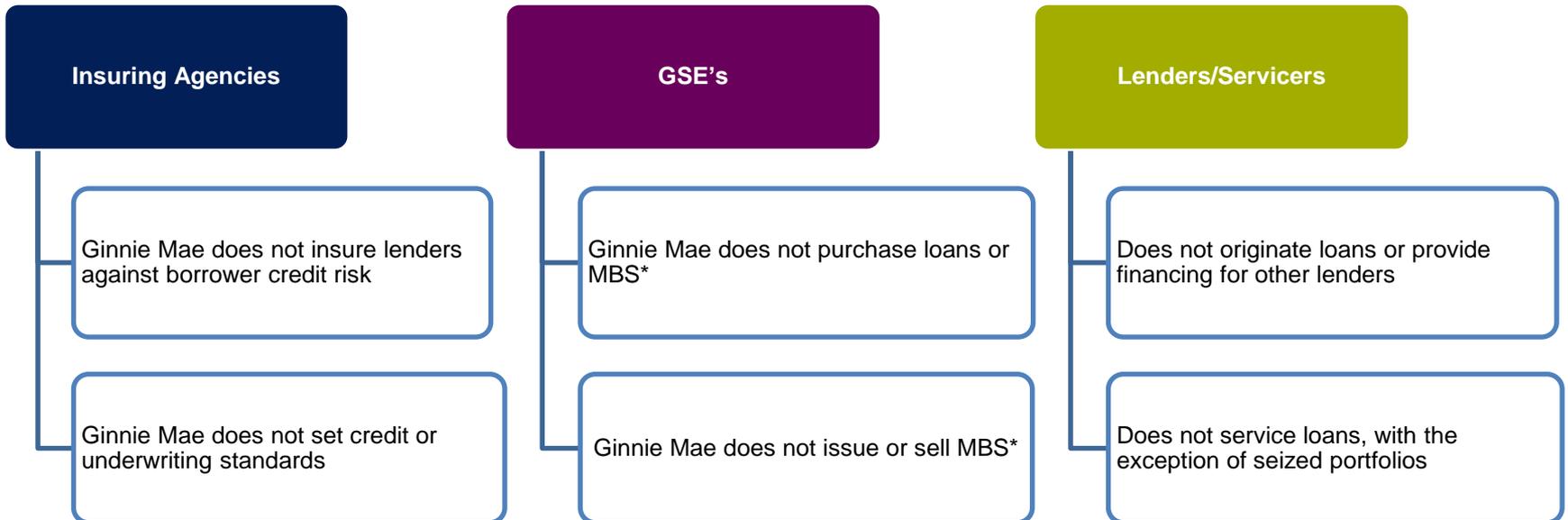
Modified Pass Through Securities

Issued by MBS Program Participants

Explicit Government Guaranty

Only for Federally Guaranteed or Insured Loans

Differences From Other Industry Participants



Ginnie Mae I Pools - Single-Family



Pool and Loan Package Types



GINNIE MAE I POOLS – SINGLE-FAMILY (SF)

Pool Type	Features	Suffix
Level Payment Mortgage	May not contain any buydown (BD) loans. Ginnie Mae I SF pool must have an original principal amount of at least \$1,000,000.	X SF
	May contain one or more BD loans.	X BD*
Graduated Payment Mortgage (GPM)	Monthly payments increase annually for the first 5 years.	X GP
	Monthly payments increase annually for the first 10 years.	X GT
Growing-Equity Mortgage (GEM)	Monthly payments increase 4 percent annually over the life of the loans.	X GA
	Monthly payments increase annually at a rate acceptable to Federal Housing Administration (FHA) or Department of Veterans Affairs (VA), for a number of years acceptable to FHA or VA.	X GD
Serial Notes (SN)	Serial Notes (backed by SF, level payment mortgages). SN pools provide for the sequential retirement of securities units subject to the amount of principal available each month. Each sequentially numbered security unit has a face value of \$25,000, except for the last unit, which may exceed that amount.	X SN*

* Issuers may not pool High Balance Loans in excess of 10% of the original principal balance of each pool or loan package.

Ginnie Mae II Pools - Custom and Multiple Issuer Pool



Issuer Application Process



GINNIE MAE II POOLS – CUSTOM POOLS (SINGLE-FAMILY)

Pool Type	Features	Suffix
Level Payment	Level payment custom pool that aggregate original principal balance may not contain more than 10.00% buydown loans. Ginnie Mae II custom pool must have an original principal amount of at least \$1,000,000.	C SF*
Level Payment Buydown (BD)	Level payment custom buydown pool that may contain one or more buydown loans. The C BD pool type does not need to pool buydown loans exclusively, and may in fact commingle both buydown and non-buydown loans.	C BD*
GPM	Custom GPM pools are backed by a GP pool (GT for C GT), each GPM custom pool, other than a pool formed pursuant to a BFP, must have an original principal amount of at least \$500,000. As of the date of issue, each GPM loan package must have an original principal amount of at least \$25,000.	C GP
		C GT
GEM	Custom GEM pools are backed by a GA pool (GD for C GD), each GEM custom pool, other than a pool formed pursuant to a BFP, must have an original principal amount of at least \$500,000. As of the date of issue, each GEM loan package must have an original principal amount of at least \$25,000.	C GA
		C GD
ARM	1-Yr, 3-Yr, 5-Yr, 7-Yr, 10-Yr Adjustable Rate Mortgage (ARM) (Constant Maturity Treasury (CMT) index).	C AR*, C AT*, C AF*, C FT*, C AS*, C AX*
	1-Yr, 3-Yr, 5-Yr, 7-Yr, 10-Yr (London Interbank Offered Rate (LIBOR) index).	C RL*, C TL*, C FL*, C FB*, C SL*, C XL*

* Issuers may pool High Balance Loans in excess of 10% of the original principal balance of each pool or loan package.

Issuer Application Process



GINNIE MAE II POOLS – MULTIPLE ISSUER POOL (SINGLE-FAMILY)

Pool Type	Features	Suffix
Level Payment	Level payment MIP consisting of loan packages that are not limited to the number of buydown loans submitted, except in cases where the pool's total origination balance of buydown loans exceeds the 10.00% threshold. M SF or loan package may not contain both buydown loans and High Balance Loans. Each loan package must have an original principal amount of at least \$25,000 and may consist of only one loan.	M SF
	Level payment MIP, may pool High Balance Loans in excess of 10% of the original principal balance of each pool or loan package. Special requirements that apply for a pool or loan package of certain FHA Secure and all H4H mortgages. (A) Fixed rate loans originated pursuant to FHA Mortgagee Letter 2008-13 to borrowers that refinanced after having become delinquent. (B) Fixed rate refinance loans to borrowers where the borrower takes out a new subordinate lien.	M FS*
	Each loan package which contains certain high balance loans originated pursuant to the Economic Stimulus Act of 2008.	M JM*
GPM	GPM MIP are backed by a GP pool.	M GP
	GPM MIP are backed by a GT pool.	M GT
GEM	GEM MIP are backed by a GA pool.	M GA
	GEM MIP are backed by a GD pool.	M GD
ARM	1-Yr, 3-Yr, 5-Yr, 7-Yr, 10-Yr Adjustable Rate Mortgage (ARM) (Constant Maturity Treasury (CMT) index) - Each loan package	M AR*, M AQ*, M AT*, M AF* or M FT*, M AS*, M AX*
	1-Yr, 3-Yr, 5-Yr, 7-Yr, 10-Yr (LIBOR index) - Each loan package	M RL*, M TL*, M FL* or M FB*, M SL*, M XL*

* Issuers may pool High Balance Loans in excess of 10% of the original principal balance of each pool or loan package.

Single-Family Program Requirements



MBS Program Requirements



SINGLE-FAMILY

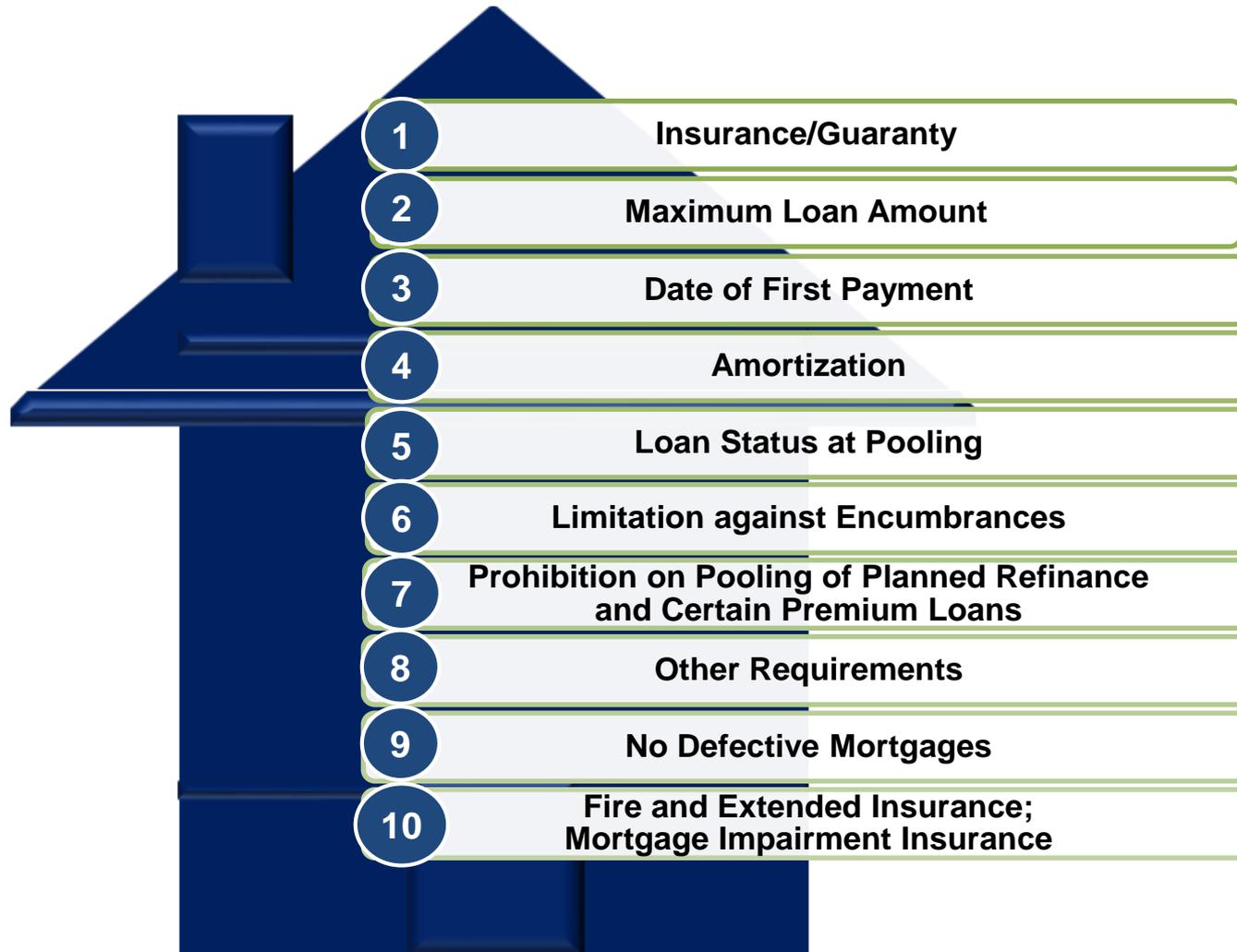
Net Worth	Liquidity	Institution-Wide Capital
<p>The minimum base net worth requirement is \$2,500,000 plus 0.35% (35 basis points) of the Issuer's total Single-Family effective outstanding obligations, at all times.</p> <p>The total effective SF outstanding obligation is the sum of: a) all SF Ginnie Mae securities outstanding, b) available commitment authority to issue new SF pools, and c) total SF pools funded.</p>	<p>SF Issuers are required to have and maintain liquid assets defined as cash and cash equivalents per Financial Accounting Standard (FAS)-95 equal to the greater of \$1,000,000 or 0.10% (10 basis points) of the Issuer's outstanding SF MBS.</p>	<ul style="list-style-type: none"> • Banks, Thrifts and Savings and Loan Institutions requirements: <ul style="list-style-type: none"> ○ Tier 1 Capital/Total Assets ratio of 5% or greater; ○ Tier 1 Capital/Risk-Based Assets ratio of 6% or greater; and ○ Total Capital/Risk-Based Assets ratio of 10% or greater. • Other Financial Institutions All other Issuers that are not covered by the requirements of (a) immediately above, including but not limited to credit unions, must meet the following capital requirements: <ul style="list-style-type: none"> ○ Leverage Ratio: Issuers must maintain a "Leverage Ratio" of at least 6%.

Ginnie Mae Discretion



Ginnie Mae, in its **sole discretion**, may refuse to grant Issuer commitment authority if Ginnie Mae determines that the applicant has failed to meet the requirements set forth in this Guide, or if Ginnie Mae otherwise determines that approval would be detrimental to the MBS Program.

Ginnie Mae Pooling Requirements for Mortgages



Mortgage Requirements - Insurance Guaranty & Maximum Loan Amount

1

Insurance/Guaranty

Mortgages must be, and must remain—insured or guaranteed by FHA, VA, United States Department of Agriculture (USDA) RD, and Public and Indian Housing Program (PIH), and must at **all times** comply with requirements for obtaining and maintaining such insurance or guaranty.

2

Maximum Loan Amount

Ginnie Mae **does not** have any restrictions on ‘Maximum Loan Amount.’ The loan can be delivered, as long as it is **insured or guaranteed and meets the pool level parameters.** (see Ch. 9) For Single-Family Multiple Issuer Pool (MIP), loans that exceed maximum loan amount cannot comprise more than 10% of loan package by Remaining Principle Balance (RPB) (See **Slide #26** for more information regarding to High Balance Loans).

Mortgage Requirements - Date of First Payment

3

Date of First Payment

- For mortgages backing SF, FS, BD, GPM, GEM, ARM and SN pools, there is no restriction as to the first payment date, provided the loans meet the maturity requirement.
- For mortgages backing MH pools, the date of the first scheduled monthly payment of principal and interest must be no more than 48 months before the issuance date of the securities.
- For multifamily loans, the date for the first scheduled monthly payment of principal and interest must be no more than 24 months before the issue date of the securities, except in the case of LM loans.

Mortgage Requirements - Amortization and Loan Status at Pooling

4

Amortization

- For the following pool types, each mortgage must commence amortization no later than the month immediately following the month in which the issue date of the securities occurs: **SF, FS, BD, AQ, AR, AT, AF, AS, AX, FT, RL, QL, TL, FL,FB, SL, XL,GP, GT, GA, GD, and SN.**
- Each MH loan must commence amortization no later than the issue date.

5

Loan Status

- **No more** than one monthly payment on the pooled mortgages can be due and unpaid.
- For Manufactured Home (MH) Loans, no loan may be more than **15 days delinquent.**
- Each Project Loan **and** Construction Loan must be current, as of the issuance date of the related securities.
- Modified loans that have successfully completed the modification process per insuring agencies' requirements, and have been permanently modified may be re-pooled. In order to be eligible for re-pooling, **a permanently modified loan must be current as of the issuance date of the related security.**

6

Limitations Against Encumbrances

- The pooled mortgages must not be subject to any security interest or encumbrance arising from any previous or future assignment, pledge, hypothecation or transfer of the Issuer's right, title, and interest in and to the mortgages.
- The Issuer must provide the document custodian with releases by the interim Lenders of all security interests in mortgages included in a specific pool or loan package. In addition, the Issuer must certify that these releases encompass all mortgages in the pool or loan package. If there are no security interests, the Issuer must certify that fact on **Form HUD 11711-B**.
- Post issuance, the Issuer may pledge its servicing income or servicing rights in pooled mortgages, subject to restrictions listed in the **MBS Guide, Ch. 21, Part 5**.

7

Prohibition on Pooling of Planned Refinance and Certain Premium Loans

- **A planned refinance loan** is a premium loan that the Lender and borrower have agreed to refinance at a later date and at an interest rate that is lower than the current rate on the loan.
- **A premium loan**, is a pooled mortgage on a one- to four-family dwelling that is originated or refinanced with an interest rate at least 1.5 percentage points (150 basis points) higher than the interest rate on new Ginnie Mae securities valued closest to par on the date the interest rate on the mortgage was established.
 - a) For any premium loan, the Issuer's expected proceeds **above par value** from the sale of securities collateralized by premium loans must be reasonably related to the closing costs customarily paid by borrowers in the geographic area in which the loan is closed. In identifying the Issuer's excess proceeds, Ginnie Mae **will not include** any gain or loss attributable to a change in mortgage market interest rates that occurred between the date on which the interest rate on the mortgage was established and the distribution date of the related securities.
 - b) A premium loan that is **not subject to** a planned refinance agreement, as defined above, but is the result of a refinance of a prior premium loan **cannot be pooled, except as provided in (c)** below, if the Issuer, originator, or any interim party solicited the borrower to initiate the refinance.
 - c) If a premium loan is refinanced by a second premium loan, the second premium loan **may be pooled only if the interest rate on the second loan is lower than the interest rate on the prior loan** by at least the basis point decline in mortgage market interest rates, offset to the extent of any closing costs to be paid out of the proceeds of the sale of the related securities, between the date on which the prior mortgage interest rate was established and the date on which the current mortgage interest rate was established.

8

No Defective Mortgages

- A mortgage that cannot be insured or guaranteed by FHA/VA/RD/PIH or where the insurance or guaranty has been withdrawn.
- Does not comply with the terms and requirements of the securities.

9

Fire and Mortgage Impairment

- Each Pooled mortgage, the Issuer must have in its possession a valid, standard policy of insurance for fire and extended coverage or comparable insurance coverage.

Mortgage Requirements - Other

10

Other Mortgage Requirements

- Mortgages must meet any other requirements prescribed by Ginnie Mae in its Commitment to Guarantee MBS, **Form HUD 11704**, including the right to require unusual hazard coverage such as insurance against flood, earthquake, and other catastrophes.

Mortgage Package Requirements

	Ginnie Mae I	Ginnie Mae II	
		Custom Pools	Multiple Issuer Pools
Number of Issuers per Pool	Originated and administered by a single Issuer.	Originated and administered by a single Issuer.	A single pool which one or more Issuers participate.
First Payment Date	45 days from the issuance date.	50 days from the issuance date.	
Remittance Date	The 15th day of the month.	The 20th day of the month.	
Number of Loans	At least 3 loans for each SF, BD, GPM, and GEM. At least 8 loans for each SN and MH pool; no loan may represent more than 20 percent of the original amount of an MH or SN pool.	At least 3 loans for each SF, ARM, GPM, and GEM MBS pool. At least 8 loans for each MH pool.	Each SF, FS, JM, ARM, GPM or GEM loan package must include at least 1 loan (with minimum loan amount of \$25,000).

Mortgage Package Requirements

	Ginnie Mae I	Ginnie Mae II	
		Custom Pools	Multiple Issuer Pools
Loan Servicing Spread (LSS)	<p>The Servicing Spread is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that Mortgage, and is the amount by which the Note Rate exceeds the Accounting Net Yield applicable to that Mortgage.</p> <p>Effective March 1, 2020, Ginnie Mae will require all Issuers to have and maintain at all times a Portfolio Servicing Spread of at least 25 basis points.</p> <p>Note: Additional information about LSS will be discussed later in Slide #48.</p>		
Mortgages Registered with Mortgage Electronic Registration Systems (MERS)	<p>Upon issuance of a Ginnie Mae MBS, an Issuer must register Ginnie Mae as “Investor,” and must enter the pool or loan package number on the MERS system.</p>		
Escrow Accounts	<p>Funds required to be placed in escrow accounts must be deposited in the appropriate servicer's escrow custodial account established for the pool or loan package of which the loan is a part.</p>		
High Balance Loans	<ul style="list-style-type: none"> • X SF: Aggregate amount of the issue date Unpaid Principal Balance (UPB) of the High Balance Loans cannot exceed 10% of the original principal balance of the pool or loan package. • M SF: M SF Aggregate amount of the issue date UPB of the High Balance Loans cannot exceed 10% of the original principal balance of the pool or loan package. M SF pools and loan packages cannot contain both High Balance Loans and buydown loans. • No Limit for other Pool Types (i.e., M JM, M FS, All ARMs, X BD, X SN, C SF, C BD). 		

Administration Requirements



IRS REPORTING

Each Issuer is fully responsible for providing all Internal Revenue Service (IRS) reports to Investors and to the IRS. To this end, Issuers must be familiar with and follow IRS fixed investment trust rules and the applicable rules regarding reporting of interest paid to security holders.



Pooling Submission



FORM HUD 11705 AND 11706 AGREEMENTS

The documents are required to be submitted to the Pool Processing Agent (PPA) for approval for all Ginnie Mae pools and loan packages.

- Master Agreements
 - Master Servicing Agreement (Form HUD 11707)
 - Master Agreement for Servicer's Principal and Interest Custodial Account (Form HUD 11709)
 - Master Agreement for Servicer's Escrow Custodial Account (Form HUD 11720)
 - Master Custodial Agreement (Form HUD 11715)
- [Schedule of Subscribers](#) (Form HUD 11705) – [App III-06 for Instructions](#)
- [Schedule of Pooled Mortgages](#) (Form HUD 11706) – [App III-07 for Instructions](#)

Appendix III-07

HUD Form 11706



Schedule of Pooled Mortgages - Form HUD 11706 (P. 1 of 4)

Schedule of Pooled Mortgages

U.S. Department of Housing
and Urban Development
Government National Mortgage Association

OMB Approval No. 2503-0033 (Exp.10/31/2019)

Interest Rate of Mortgages Highest _____% Lowest _____%	Weighted Average Interest Rate %	<input type="checkbox"/> Initial Certification	Ginnie Mae Pool/Loan Package Number	Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. <small>The information requested is required by Sec. 306(g) of the National Housing Act or by Ginnie Mae Handbook 5500.3, Rev. 1.</small>	
Term of Mortgages years		<input type="checkbox"/> Final Certification			Security Issue Date
Name of Issuer	<input type="checkbox"/> Single Family Level Payment Loans (SF/FS)	<input type="checkbox"/> Growing Equity Loans (GA/GD)	<input type="checkbox"/> Manufactured Home Loans (MH)		<input type="checkbox"/> Ginnie Mae I
	<input type="checkbox"/> Graduated Payment Loans (GP/GT)	<input type="checkbox"/> Adjustable Rate Loans (ARM)	<input type="checkbox"/> Buydown Loans (BD)		<input type="checkbox"/> Ginnie Mae II
	<input type="checkbox"/> Project Loans (PL/PNL/MR/XLS)	<input type="checkbox"/> Construction Loans (CL/CS)	<input type="checkbox"/> Serial Note (SN)	<input type="checkbox"/> Other	

Issuer's Loan Number and MIN	MOM	Name of Mortgagor	Address of Property/Site Address (Street, City State and Zip Code)	FHA-VA-RD 184 Case Number	Interest Rate	Mortgage Margin (ARM)	Loan Origination Date	Date of First Payment	Interest Rate Change Date	Maturity Date	Monthly Constant (P&I) \$	Original Principal Balance \$	Unpaid Balance of Mortgage \$	Type of Loan

Continue Loan Level reporting on page 2

Distribution of All Loans in Pool Number Amount FHA VA RD §184 Other Total	Total Amount P & I		For Adjustable Rate Pools/Loan Packages Only: <u>Index Type:</u> <u>Acceptable Range:</u> <u>Type of ARM Note:</u> <u>Cap Structure</u> Initial (+/-) Interest Rate Cap: Subsequent Annual (+/-) Interest Rate Cap: Lifetime (+/-) Interest Rate Cap: Lookback Period: <input type="checkbox"/> 30 Day Look Back <input type="checkbox"/> 45 Day Look Back
	\$ _____		

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (1) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1.

form HUD-11706 (1/2015)

Schedule of Pooled Mortgages Example (Form HUD 11706)

Schedule of Pooled Mortgages		U.S. Department of Housing and Urban Development Government National Mortgage Association		OMB Approval No. 2503-0033 (Exp. 10/31/2019)	
Interest Rate of Mortgages Highest _____ % Lowest _____ %	Weighted Average Interest Rate 4.629 %	<input checked="" type="checkbox"/> Initial Certification <input type="checkbox"/> Final Certification <input type="checkbox"/> Recertification	Ginnie Mae Pool/Loan Package Number AZ 1234	Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The information requested is required by Sec. 306(g) of the National Housing Act or by Ginnie Mae Handbook 5500.3, Rev. 1.	
Term of Mortgages 30 years			Security Issue Date 10/1/2018		
Name of Issuer National Saving Bank	<input checked="" type="checkbox"/> Single Family Level Payment Loans (SF/FS) <input type="checkbox"/> Graduated Payment Loans (GP/GT) <input type="checkbox"/> Project Loans (PL/PN/LM/RX/LS)	<input type="checkbox"/> Growing Equity Loans (GA/GD) <input type="checkbox"/> Adjustable Rate Loans (ARM) <input type="checkbox"/> Construction Loans (CL/CS)	<input type="checkbox"/> Manufactured Home Loans (MH) <input type="checkbox"/> Buydown Loans (BD) <input type="checkbox"/> Serial Note (SN) <input type="checkbox"/> Other	<input type="checkbox"/> Ginnie Mae I <input checked="" type="checkbox"/> Ginnie Mae II	Security/Mortgage Change Date Issuer ID Number 5555

Issuer's Loan Number and MIN	MOM	Name of Mortgagor	Address of Property/Site Address (Street, City State and Zip Code)	FHA-VA-RD 184 Case Number	Interest Rate	Mortgage Margin (ARM)	Loan Origination Date	Date of First Payment	Interest Rate Change Date	Maturity Date	Monthly Constant (P&I) \$	Original Principal Balance \$	Unpaid Balance of Mortgage \$	Type of Loan
123456789 123456789	Yes	John Smith	1000 Main Street, Anytown, USA, 1000	FHA 123-123456-203	4.75%	N/A	9/12/2018	10/1/2018	N/A	10/1/2048	1,281.61	250,000	250,000	N/A
111111111 123456789	Yes	Susan Jones	2000 Board Street, Anycity USA, 2000	VA 12-12-1-1234567	4.6%	N/A	8/20/2018	9/1/2018	N/A	9/1/2048	1,409.77	275,000	275,000	N/A
100000000 123456789	Yes	Robert Johnson	1100 Main Street, Anytown, USA, 1000	FHA 123-34567-203	4.55%	N/A	9/15/2018	10/1/2018	N/A	10/1/2048	1,427.05	280,000	280,000	N/A

Continue Loan Level reporting on page 2

	Distribution of All Loans in Pool		Total Amount P & I \$ 4,118.23	For Adjustable Rate Pools/Loan Packages Only: <u>Index Type:</u> <u>Acceptable Range:</u> <u>Type of ARM Note:</u> Cap Structure Initial (+/-) Interest Rate Cap: Subsequent Annual (+/-) Interest Rate Cap: Lifetime (+/-) Interest Rate Cap: Lookback Period: | 30 Day Look Back | 45 Day Look Back	
		Number			Amount
	FHA	2			\$530,000
	VA	1			\$275,000
	RD				
	\$184				
	Other				
Total					

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (1) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Schedule of Pooled Mortgages - Form HUD 11706 (P. 2 of 4)

Schedule of Pooled Mortgages

Ginnie Mae Pool/Loan Package Number

Name of Mortgagor	Credit Score	Social Security Number	Co-borrower #1 Full Name	Co-borrower #2 Full Name	Co-borrower #3 Full Name	Lockout Term	Lockout End Date	Prepayment Premium Period	Prepayment End Date	Loan Type Code	Loan Purpose	Living Units	Down Payment Assistance	Loan Buydown Code	Upfront MIP Amount	Annual MIP Amount	Loan to Value

Continue Loan Level reporting on page 3

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (2) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Schedule of Pooled Mortgages Example (Form HUD 11706)

Schedule of Pooled Mortgages

Ginnie Mae Pool/Loan Package Number AZ1234

Name of Mortgagor	Credit Score	Social Security Number	Co-borrower #1 Full Name	Co-borrower #2 Full Name	Co-borrower #3 Full Name	Lockout Term	Lockout End Date	Prepayment Premium Period	Prepayment End Date	Loan Type Code	Loan Purpose	Living Units	Down Payment Assistance	Loan Buydown Code	Upfront MIP Amount	Annual MIP Amount	Loan to Value
John Smith	650	123-123-1234	Joe Smith	N/A	N/A	N/A	N/A	N/A	N/A	1	1	3	2	2	\$4,375	\$2,000	83 (83%)
Susan Jones	618	234-234-2345	Michael Jones	N/A	N/A	N/A	N/A	N/A	N/A	1	1	5	2	1	N/A	N/A	89 (89%)
Robert Johnson	598	345-345-3456	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	3	1	2	\$4,900	\$2,240	97 (97%)

Continue Loan Level reporting on page 3

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (2) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Schedule of Pooled Mortgages - Form HUD 11706 (P. 3 of 4)

Schedule of Pooled Mortgages

Ginnie Mae Pool/Loan Package Number

Name of Mortgagor	Combined LTV Ratio Percent	Total Debt Expense Ratio Percent	Refinance Type	Last Paid Installment Due Date	Pre-Modification First Installment Due Date	Pre-Modification Original Principal Balance (OPB) Amount	Pre-Modification Interest Rate Percent	Pre-Modification Loan Maturity Date	First Time Homebuyer Indicator	Third-Party Origination Type	FHA UpfrontMIP Rate	FHA Annual MIP Rate

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (3) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Schedule of Pooled Mortgages Example (Form HUD 11706)

Schedule of Pooled Mortgages

Ginnie Mae Pool/Loan Package Number **AZ1234**

Name of Mortgagor	Combined LTV Ratio Percent	Total Debt Expense Ratio Percent	Refinance Type	Last Paid Installment Due Date	Pre-Modification First Installment Due Date	Pre-Modification Original Principal Balance (OPB) Amount	Pre-Modification Interest Rate Percent	Pre-Modification Loan Maturity Date	First Time Homebuyer Indicator	Third-Party Origination Type	FHA Upfront MIP Rate	FHA Annual MIP Rate
John Smith	0.85	42.3%	N/A	10/1/2048	N/A	N/A	N/A	N/A	Yes	1	1.75%	0.8%
Susan Jones	0.9	36.2%	N/A	9/1/2048	N/A	N/A	N/A	N/A	No	1	N/A	N/A
Robert Johnson	0.98	24.2%	N/A	10/1/2048	N/A	N/A	N/A	N/A	Yes	1	1.75%	0.8%

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (3) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Schedule of Pooled Mortgages - Form HUD 11706 (P. 4 of 4)

Schedule of Pooled Mortgages	Ginnie Mae Pool/Loan Package Number
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Instructions for Custodian
 The custodian will review each mortgage or loan file in accordance with the applicable sections of the Ginnie Mae MBS Guide, Rev. 1 to determine that all required documents have been properly executed and received and that such documents relate to the mortgages identified on the front of this form. **Purpose: To provide a means of identifying and controlling the mortgages that collateralize the designated MBS pools or loan packages. Also provides a certification from the document custodian that certain required mortgage documents are being held by the document custodian on behalf of Ginnie Mae.**
 Upon completion of each examination, an authorized official of the custodian will sign the original and the required copies of this form in the space provided and forward the original to Ginnie Mae's pool processing agent (either directly or through the issuer) and provide a signed copy to the issuer. Pursuant to the following, certification may be completed in two stages, "initial" and "final", except for PL, PN, LM, LS, CL, and CS pools, which are only final certified.

Custodian's Certification (Initial Certification) <input type="checkbox"/> The documents referenced in the applicable sections indicated below, pertaining to the mortgages listed on the front of this form, have been received and have been determined to satisfy the requirements of the Ginnie Mae MBS Guide, Rev. 1. For SF, FS, AR, AQ, AT, AF, FT, AS, AX, BD, GP, GT, GA, GD, and SN pools and loan packages: Section 13-4(A) of the Ginnie Mae MBS Guide, Rev. 1. For MH Pools: Sections 13-4(A) and 30-4(A)(1) of the Ginnie Mae MBS Guide, Rev. 1.	Custodian's Certification (Final Certification) <input type="checkbox"/> The documents referenced in the applicable sections indicated below, pertaining to the mortgages listed on the front of this form, have been received and have been determined to satisfy the requirements of the Ginnie Mae MBS Guide, Rev. 1. For SF, FS, AR, AQ, AT, AF, FT, AS, AX, BD, GP, GT, GA, GD, and SN pools and loan packages: Section 13-4(B) of the Ginnie Mae MBS Guide, Rev. 1. For MH Pools: Sections 13-4(B) and 30-4(A)(2) of the Ginnie Mae MBS Guide, Rev. 1. For PL, PN, LM, and LS pools: Sections 13-4(B) and 31-10 of the Ginnie Mae MBS Guide, Rev. 1 (final certification). For CL and CS pools: Sections 13-4(B) and 32-8 of the Ginnie Mae MBS Guide, Rev. 1 (final certification).
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Custodian Name and Address (including Zip Code)(Please Type)	Custodian No.
Authorized Signature	Authorized Signature
Name (Please Type)	Name (Please Type)
Title (Please Type)	Date of Initial Certification
	Title (Please Type)
	Date of Final Certification

Recertification Using an Updated List of Loans for the Referenced Pool

Prior Issuer: (Name of Seller)	Issuer ID No.	Current Issuer: (Name of Buyer)	Issuer ID No.
--------------------------------	---------------	---------------------------------	---------------

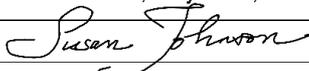
The attached list of pooled loans represents the pool or loan package principal and the total number of mortgages reported by the Issuer. The month of transfer _____
 The Issuer certifies that the remaining loan balances conform to the balances reported via the Reporting and Feedback System Monthly Issuer Report of Pool and Loan data.

The Document Custodian certifies to the following: (1) It has received the related documents for the loans listed on the attached. (2) It has verified that the loans on the attached were included on the original Schedule of Pooled Mortgages, if available. If not available, the Document Custodian must obtain from the Issuer a written explanation why the original Schedule is missing. The Document Custodian must maintain a copy of the original Schedule or the written explanation for the missing Schedule in the Pool Master File with the recertification.

The Document Custodian will not be required to maintain or reconcile the form HUD-11708 for loans liquidated prior to and not reported as active loans.

Authorized Signature of current Issuer	Custodian Name and Address (including Zip Code) (Please Type)	Custodian No.	Authorized Signature of Current Custodian
Name (Please Type)			Name of Custodian (Please Type)
Title (Please Type)	Date		Title of Custodian (Please Type)
			Date

Schedule of Pooled Mortgages Example (Form HUD 11706)

Schedule of Pooled Mortgages		Ginnie Mae Pool/Loan Package Number AZ1234	
Instructions for Custodian			
<p>The custodian will review each mortgage or loan file in accordance with the applicable sections of the Ginnie Mae MBS Guide, Rev. 1 to determine that all required documents have been properly executed and received and that such documents relate to the mortgages identified on the front of this form. Purpose: To provide a means of identifying and controlling the mortgages that collateralize the designated MBS pools or loan packages. Also provides a certification from the document custodian that certain required mortgage documents are being held by the document custodian on behalf of Ginnie Mae.</p> <p>Upon completion of each examination, an authorized official of the custodian will sign the original and the required copies of this form in the space provided and forward the original to Ginnie Mae's pool processing agent (either directly or through the issuer) and provide a signed copy to the issuer. Pursuant to the following, certification may be completed in two stages, "initial" and "final", except for PL, PN, LM, LS, CL, and CS pools, which are only final certified.</p>			
Custodian's Certification (Initial Certification) <input checked="" type="checkbox"/> <p>The documents referenced in the applicable sections indicated below, pertaining to the mortgages listed on the front of this form, have been received and have been determined to satisfy the requirements of the Ginnie Mae MBS Guide, Rev. 1.</p> <p>For SF, FS, AR, AQ, AT, AF, FT, AS, AX, BD, GP, GT, GA, GD, and SN pools and loan packages: Section 13-4(A) of the Ginnie Mae MBS Guide, Rev. 1.</p> <p>For MH Pools: Sections 13-4(A) and 30-4(A)(1) of the Ginnie Mae MBS Guide, Rev. 1.</p>		Custodian's Certification (Final Certification) <input type="checkbox"/> <p>The documents referenced in the applicable sections indicated below, pertaining to the mortgages listed on the front of this form, have been received and have been determined to satisfy the requirements of the Ginnie Mae MBS Guide, Rev. 1.</p> <p>For SF, FS, AR, AQ, AT, AF, FT, AS, AX, BD, GP, GT, GA, GD, and SN pools and loan packages: Section 13-4(B) of the Ginnie Mae MBS Guide, Rev. 1.</p> <p>For MH Pools: Sections 13-4(B) and 30-4(A)(2) of the Ginnie Mae MBS Guide, Rev. 1.</p> <p>For PL, PN, LM, and LS pools: Sections 13-4(B) and 31-10 of the Ginnie Mae MBS Guide, Rev. 1 (final certification).</p> <p>For CL and CS pools: Sections 13-4(B) and 32-8 of the Ginnie Mae MBS Guide, Rev. 1 (final certification).</p>	
Custodian Name and Address (including Zip Code)(Please Type) ABC Bank, 2000 Main Street, Anytown, USA, 1000 Custodian No. 000123		Custodian Name and Address (including Zip Code)(Please Type) _____ Custodian No. _____	
Authorized Signature  Name (Please Type) Susan Johnson		Authorized Signature _____ Name (Please Type) _____	
Title (Please Type) Vice President		Title (Please Type) _____	
Date of Initial Certification 9/28/2018		Date of Final Certification _____	
Recertification Using an Updated List of Loans for the Referenced Pool			
Prior Issuer: (Name of Seller) _____		Issuer ID No. _____	
Current Issuer: (Name of Buyer) _____		Issuer ID No. _____	
The attached list of pooled loans represents the pool or loan package principal and the total number of mortgages reported by the Issuer. The month of transfer _____ The Issuer certifies that the remaining loan balances conform to the balances reported via the Reporting and Feedback System Monthly Issuer Report of Pool and Loan data.			
The Document Custodian certifies to the following: (1) It has received the related documents for the loans listed on the attached. (2) It has verified that the loans on the attached were included on the original Schedule of Pooled Mortgages, if available. If not available, the Document Custodian must obtain from the Issuer a written explanation why the original Schedule is missing. The Document Custodian must maintain a copy of the original Schedule or the written explanation for the missing Schedule in the Pool Master File with the recertification.			
The Document Custodian will not be required to maintain or reconcile the form HUD-11708 for loans liquidated prior to and not reported as active loans.			
Authorized Signature of current Issuer _____		Custodian Name and Address (including Zip Code) (Please Type) _____	
Name (Please Type) _____		Custodian No. _____	
Title (Please Type) _____		Date _____	
Date _____		Authorized Signature of Current Custodian _____	
_____		Name of Custodian (Please Type) _____	
_____		Title of Custodian (Please Type) _____	
_____		Date _____	

Previous editions are obsolete; replaces form HUD-11706-M which is obsolete

Page (4) of (4)

ref. Ginnie Mae Handbook 5500.3, Rev.1. form HUD-11706 (1/2015)

Employer Identification Number (EIN)

Each Ginnie Mae pool is established as a trust under the Internal Revenue Code (IRS). Federal law requires that each trust have an employer identification number.

- Use of the EIN
 - Enter in GinnieNET or, in the case of a paper document submission
 - Issuers must retain the EINs for the Ginnie Mae Pools and uses the EINs when preparing the required tax advices at year-end.
 - Issuers must assign EINs at pooling, except for loan packages to be included as part of a MIP. The Central Paying and Transfer Agent (CPTA) will obtain and assign the EIN for each Ginnie Mae II MIP.

- Obtaining EINs
 - Issuers may obtain EINs from the IRS. Additional information can be found on the IRS website - How to Apply for an EIN.

Note: IRS EIN process updates - <https://www.irs.gov/newsroom/irs-revises-ein-application-process-seeks-to-enhance-security>

Pool Certification

Issuers are required to obtain an **Initial Certification** from an Approved Document Custodian for all pool and loan package types, except project loan pools and construction loan pools, before issuing the related security.

Within **12 months** following issuance of the securities, the Issuer must provide to the document custodian, for each mortgage listed on the Schedule of Pooled Mortgages, all documents necessary for **Final Certification** by the document custodian.

By an “Initial Certification”, the Document Custodian certifies to Ginnie Mae that:

- Document Custodian has received from the Issuer the minimum loan, pool, or loan package documents required to allow a Ginnie Mae security to be issued;
- The documents meet the attributes, accuracy, and completeness requirements described in the applicable document review procedures detailed in the Document Custodian Manual; and,
- The documents relate to and are consistent with the list of loans reflected in the associated Schedule of Pooled Mortgages, in the case of an MBS, or with the Schedule of Pooled Participations and Mortgages, in the case of an HMBS.

For Construction Loan Pools and Project Loan Pools, Ginnie Mae requires Issuers to obtain only a single Final Certification prior to the issuance of the related security.

Pool Certification



INITIAL CERTIFICATION REQUIREMENTS FOR SINGLE-FAMILY MORTGAGE

- Minimum required **pool level** documents (Single-Family Mortgage):
 - Master Custodial Agreement (Form HUD 11715).
 - Schedule of Pooled Mortgage (Form HUD 11706).
 - Certification and Agreement (Form HUD 11711-B) and, if a second party security interest is indicated, Release of Security Interest (Form HUD 11711-A).
- Minimum required **loan level** documents:
 - Original promissory note and attachments endorsed in blank and without recourse by the Issuer.
 - If the Issuer did not originate the loan and the loan is not registered with MERS, all original recorded interim assignments (or Issuer written certification if originals were sent for recordation). As an alternative to individual interim assignments, a blanket interim assignment is acceptable if allowed in the jurisdiction as documented in an opinion from qualified outside legal counsel.
 - If the loan is registered with MERS, all required interim assignments from origination of the loan to the assignment to MERS.
 - If the loan was originated with MERS as the original mortgagee (MOM), no interim assignment will be required so long as the loan remains registered with MERS.

Pool Certification

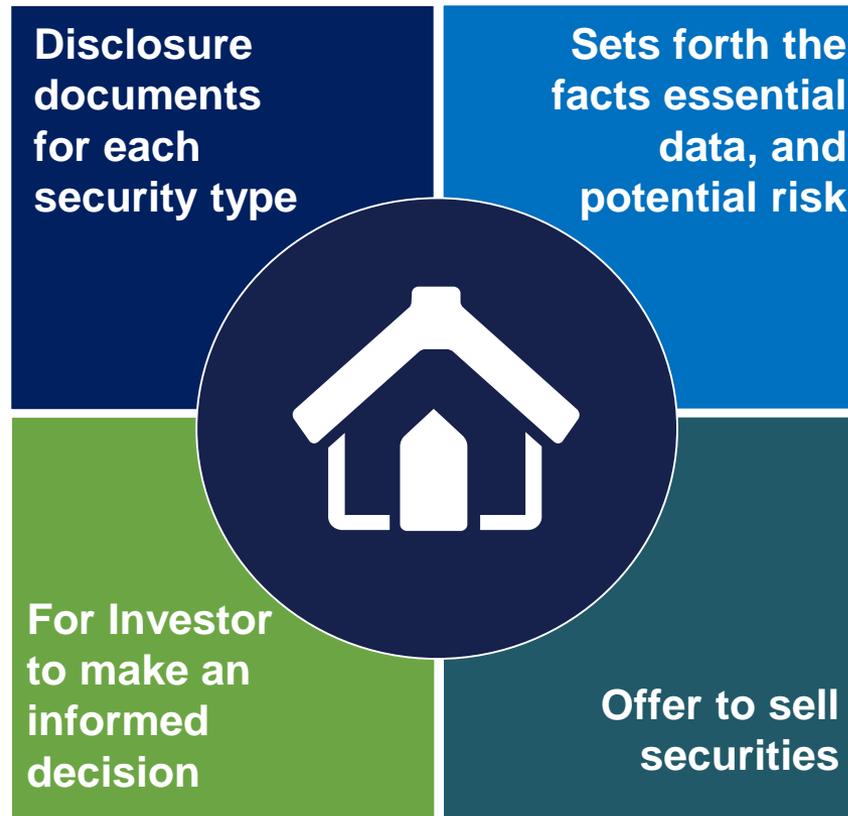


FINAL CERTIFICATION REQUIREMENTS FOR SINGLE-FAMILY MORTGAGE

- Within **twelve (12) months** of issuance, the following additional documents are required to be delivered to the document custodian by the Issuer for **Final Certification**:
 - Original mortgages (or other security instruments) signed by the mortgagor and recorded.
 - Recorded interim assignments that were not available for initial certification.
 - Depending on Security Issuance Date, Mortgage title insurance policy or other evidence of title acceptable to FHA, VA, RD or PIH (not required on HUD-conveyed property and VA Vendee loans).

Prospectus

- For all pools submitted using paper submission process, the Issuer must prepare the appropriate standard form prospectus for presentation to each prospective purchaser.
- For pools submitted using GinnieNET, including all Multiple Issuer Pool, the PPA will prepare the prospectus and provide a copy to the Issuer. It is the responsibility of the Issuer to present the prospectus to each prospective purchaser.



Servicing Fee & Loan Servicing Spread



Issuer Servicing Fee

- The fee in the forward MBS program for servicing each pooled mortgage is based on and payable only from the interest portion of each monthly installment of P&I actually collected by the Issuer on the mortgage.
- The servicing fee **may not be withheld** at the time an installment is collected. All collections must be deposited directly to the pool or loan package P&I custodial account. In the forward MBS program, the servicing fee may then be **withdrawn from the P&I custodial account**.
- With respect to Ginnie Mae II MBS pools or loan packages issued on July 1, 2003 and thereafter, the Issuer must ensure that the minimum servicing fee is **at least 19 basis points**.

First Principles: Why a Weighted Average?

Weighted Average

Weighted average is an average resulting from the multiplication of each value by a factor reflecting its importance.

vs.

Simple Average

Simple average is calculated by dividing the sum of the values in a set by the number of values.

- ❑ The use of a weighted average is not a foreign concept. In fact, we can all relate to one common use of weighted averages: the calculation of an academic grade point average.
- ❑ A GPA, is the system many schools use to rank student academic performance. In collegiate course work, credit hours are awarded based on the number of contact hours required by the course.
- ❑ To figure a GPA, the grade received in each course is subject to weighting, by multiplying it by the number of credit hours. Thus, a "B" (three grade points) in a four-credit class yields 12 "points". It is these which are added together, then divided by the total number of credits a student has taken, to get the GPA.
- ❑ The next slide will illustrate the resulting GPA for two students.



Weighted Average Example

Let's consider Student A and Student B are enrolled in the same courses. Both students earned three grades of A and one grade of C. Each A is worth 4.0 points and each C is worth 2.0 points. The GPA is calculated by multiplying the credits (weight) of each course by the point value of the grade, then summing those points and dividing by the total number of credit hours.

Student A

Course	Credits	Grade	Grade Points	Points Earned
One	2	C	2	4
Two	3	A	4	12
Three	3	A	4	12
Four	4	A	4	16
Total Points = 44 Total Credits = 12 GPA = 3.67 (44 points / 12 credits)				

Student B

Course	Credits	Grade	Grade Points	Points Earned
One	2	A	4	8
Two	3	A	4	12
Three	3	A	4	12
Four	4	C	2	8
Total Points = 40 Total Credits = 12 GPA = 3.33 (40 points / 12 credits)				

Based on the credits awarded for the course were they received the grade of C, their GPAs differ. Because Student B earned a C in a course worth 4 credits, their GPA was impacted more negatively.

Similarly, not all pools/loan packages are created the same. Some loans, and consequently loan packages are much bigger and therefore exert a greater weight on an Issuer's and on Ginnie Mae's overall servicing spread.

Loan Servicing Spread

Any mortgage loan pooled into a Ginnie Mae Single-Family pool or loan package for which an Issuer is the Issuer of record, the loan interest rate minus the corresponding security coupon rate minus the guarantee fee expressed in basis points.

$$\begin{aligned} & (\text{Loan interest rate (IR)}) - (\text{security coupon rate}) - (\text{guarantee fee}) \\ & = \text{Loan Servicing Spread (LSS)} \end{aligned}$$

Calculation Example:

$$\begin{aligned} & (4.50\%) - (4.00\%) - (0.06\%) = \text{LSS} \\ & (0.50 - 0.06) = 0.44\% \\ & 0.44\% \text{ expressed in basis points} = 0.0044 \end{aligned}$$

Loan IR	Security Coupon	G-Fee	LSS
4.50%	4.00%	0.06%	<u>0.0044</u>

Portfolio Servicing Spread

The sum of the Portfolio-Based Weighted Loan Servicing Spread of all Single-Family loans for which the Issuer is the Issuer of record.

Σ (of all Portfolio-Based WLSS Loans)

Calculation Example:

$$\begin{aligned}
 & (\text{Loan 1 Portfolio WLSS}) + (\text{Loan 2 Portfolio WLSS}) + \\
 & (\text{Loan 3 Portfolio WLSS}) + (\text{DEF 1 Portfolio WLSS}) + \\
 & (\text{DEF 2 Portfolio WLSS}) + (\text{DEF 3 Portfolio WLSS}) \\
 & \quad = \text{Portfolio WLSS} \\
 & (0.0006) + (0.0003) + (0.0003) + (0.0007) + (0.0009) \\
 & \quad + (0.0019) = \underline{\underline{0.0047}}
 \end{aligned}$$

Loan/Pool Identifier	Loan RPB	Loan IR	Security Coupon	G-Fee	LSS	Portfolio WLSS
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.0044	0.0006
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.0019	0.0003
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.0069	0.0003
POOL DEF Loan 1	175,000	5.00%	4.50%	0.06%	0.0044	0.0007
POOL DEF Loan 2	225,000	5.00%	4.50%	0.06%	0.0044	0.0009
POOL DEF Loan 3	300,000	5.25%	4.50%	0.06%	0.0069	0.0019
Portfolio UPB Total:	1,100,000	...	...	...	...	<u>0.0047</u>

Pool-Based Weighted Loan Servicing Spread

Any mortgage loan pooled into a Ginnie Mae Single-Family pool or loan package, the corresponding Loan Servicing Spread multiplied by quotient that results from dividing the loan's remaining principal balance by the unpaid principal balance of the corresponding pool or loan package, expressed in basis points.

$$(LSS) \times ((\text{Loan RPB}) \div (\text{Pool UPB}))$$

= Pool-Based Weighted Loan Servicing Spread (Pool WLSS)

Calculation Example:

$$(0.0044) \times ((150,000) \div (400,000)) = \text{Pool WLSS}$$

$$(0.0044) \times (0.375) = \underline{\underline{0.0017}}$$

Loan/Pool Identifier	Loan RPB	Loan IR	Security Coupon	G-Fee	LSS	PWLSS
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.0044	<u><u>0.0017</u></u>
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.0019	<u><u>0.0010</u></u>
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.0069	<u><u>0.0009</u></u>
Pool ABC Total:	400,000	...	...	...	...	0.0036

Pool Servicing Spread

For each Ginnie Mae Single-Family pool or loan package for which an Issuer is the Issuer of record, the sum of the Pool-Based Weighted Loan Servicing Spread of all loans in such pool or loan package.

$$\begin{aligned} & \sum (\text{PWLSS of all loans in a pool or loan package}) \\ & = \text{PWLSS} \end{aligned}$$

Calculation Example:

$$\begin{aligned} & (\text{Loan 1 PWLSS}) + (\text{Loan 2 PWLSS}) + (\text{Loan 3 PWLSS}) \\ & = \text{Pool Servicing Spread} \\ & (0.0017) + (0.0010) + (0.0009) = \underline{\underline{0.0036}} \end{aligned}$$

Loan/Pool Identifier	Loan RPB	Loan IR	Security Coupon	G-Fee	LSS	PWLSS
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.0044	0.0017
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.0019	0.0010
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.0069	0.0009
Pool ABC Total:	400,000	...	...	...	...	<u>0.0036</u>

Knowledge Check

_____ is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that mortgage, and is the amount by which the Note Rate exceeds the Accounting Net Yield applicable to that mortgage.

- a. Cash Flow
- b. Mortgage Interest
- c. Servicing Spread
- d. Mortgage Excess Servicing



The answer is **c. Servicing Spread.**

Repurchase of Mortgages



Repurchase of Mortgages due to Monetary Default or Delinquency

- The MBS Guide allows an Issuer to buy out a defaulted mortgage from a pool or loan package i.e., if the borrower completes a trial modification or if the loan is in continuous period of **default equivalent to three monthly payments**.

No Issuer or subcontract servicer may, without the written permission of Ginnie Mae, remove a loan, whether pursuant to a substitution or otherwise, from a pool or loan package, or reduce a balance on a pooled loan for any reason not specifically authorized in the applicable Guaranty Agreement or in the MBS Guide.

Loan Buyouts Categories

Mandatory Loan Buyouts

- 1 Defective Loan
- 2 Loan that has been fully paid off

Permissible Loan Buyouts (Optional)

- 1 Delinquent Loan, if the borrower fails to make any payment for three consecutive installments
- 2 Loan that is subject to Loss Mitigation Programs i.e., Special Forbearance, completed TPP

Loan Delinquency: There is a shortfall between the P&I payment scheduled to be collected and the P&I amount actually collected from Borrowers regardless of reason.

Knowledge Check

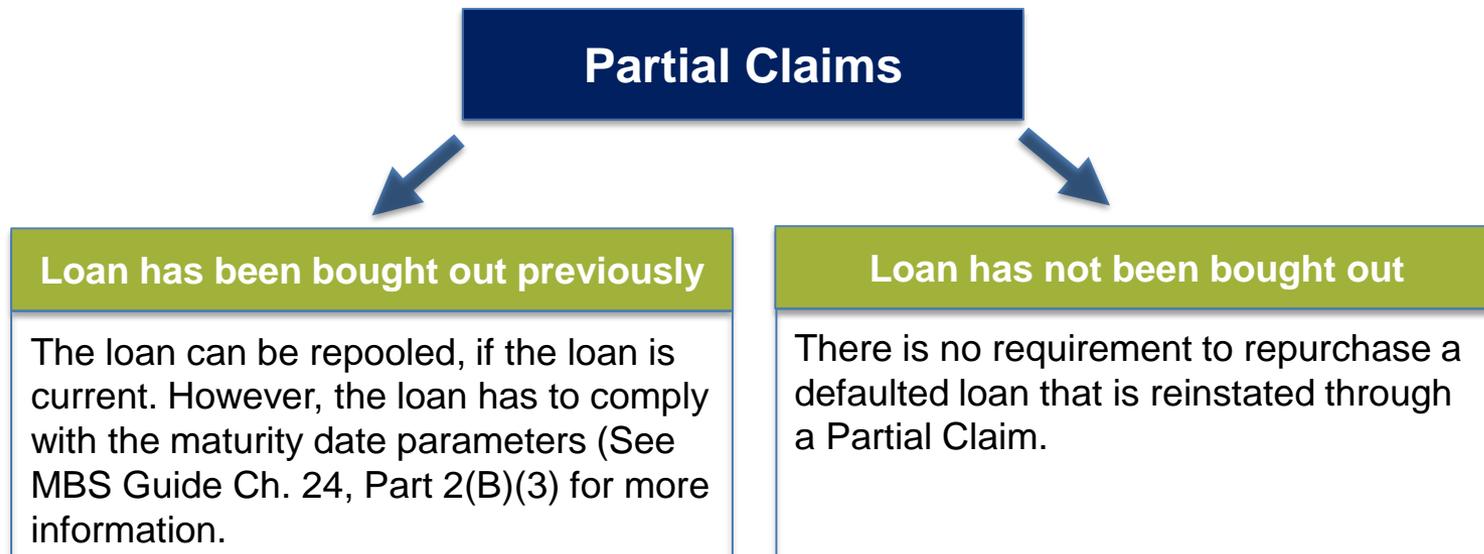
When can Issuer A modify the terms of a pooled loans?



Never. Issuers are prohibited from modifying the terms of loans held in Ginnie Mae pools that affect the amount or duration of loan payments. What about a recast?

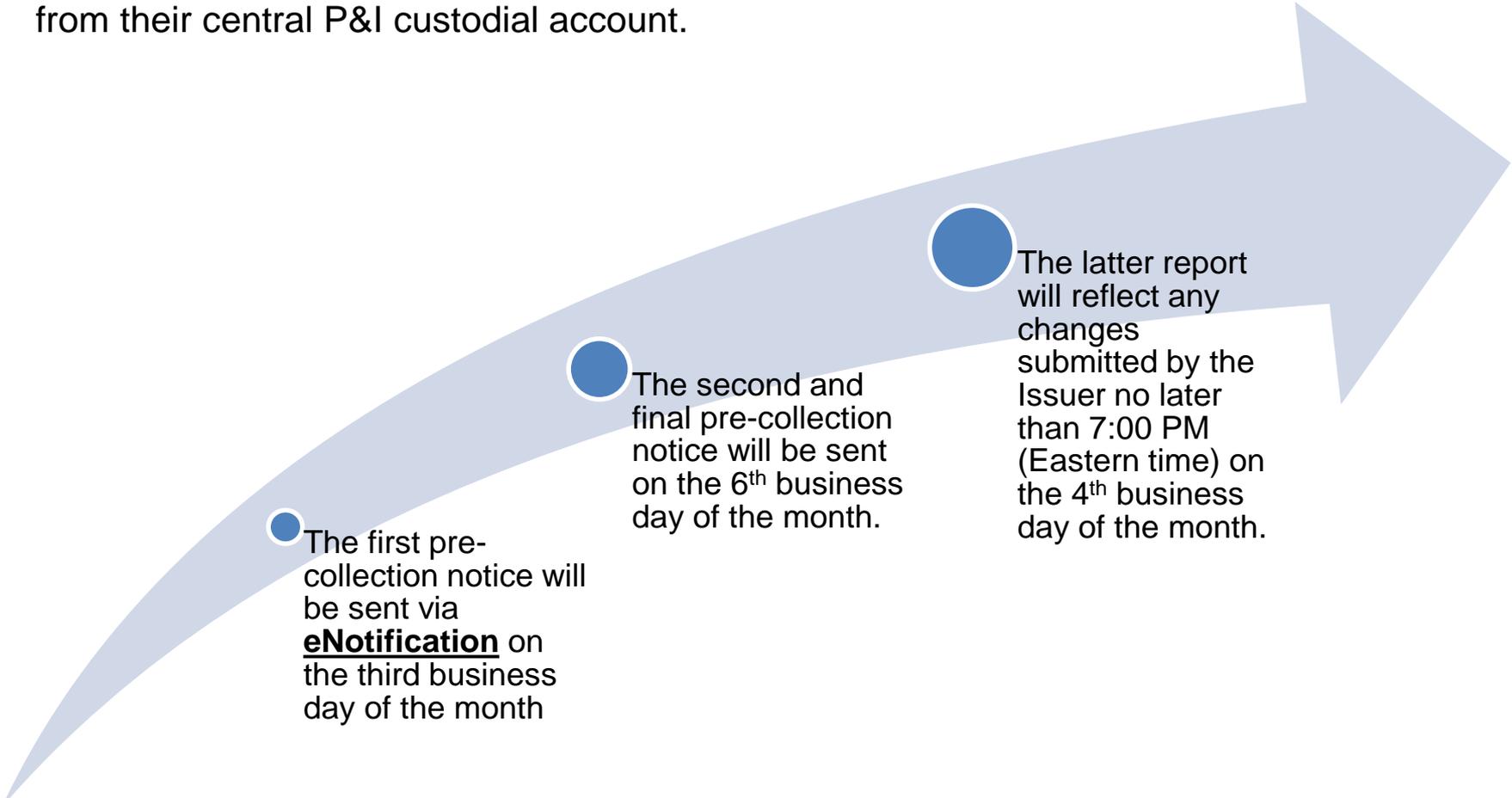
Loss Mitigation – Partial Claims

- The mortgagee advances funds on behalf of the Mortgagor in the amount of the Partial Claim advance received from the insuring agency to reinstate the delinquent loan.
- Partial Claim does not alter the terms of the loan.



Pre-Collection Notices

- The Central Paying and Transfer Agent (CPTA) will provide Issuers with a pre-collection notice of all amounts, per pool and/or loan package, that will be withdrawn from their central P&I custodial account.



The first pre-collection notice will be sent via **eNotification** on the third business day of the month

The second and final pre-collection notice will be sent on the 6th business day of the month.

The latter report will reflect any changes submitted by the Issuer no later than 7:00 PM (Eastern time) on the 4th business day of the month.

Administrative Reporting Requirements - Authorized Signatories

- Every Issuer is required to certify annually, by January 1, that the existing Resolution of Board of Directors and Certificate of Authorized Signatures, Form HUD 11702, which names the individuals who are authorized to sign documents on behalf of the Issuer, is still current and accurate, or to replace that Form HUD 11702 with an up-to-date and accurate Form HUD 11702.



Payments to Security Holders

Full and Timely Payment

- Under **Ginnie Mae I MBS Program**, the Issuer is obligated to make timely monthly payments of P&I to securities holders.
- Under **Ginnie Mae II MBS Program**, the Issuer is obligated to make available funds adequate to enable the CPTA to make timely monthly payments of P&I to security holders.

Elements of Monthly Payments

- Monthly payment to MBS security holders consists of three elements: **interest**, **scheduled principal**, and **unscheduled recovery of principal**.

Advances of Principal Interest

- 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.

Annual Reporting – Required Financial Statements and Documents

A

Annual Audited Financial Statement

1

An approved Issuer, must provide Ginnie Mae with a copy of its annual audited financial statements and Audit Reports, prepared by an Independent auditor (IA)

2

The Audit Reports, which must be submitted electronically via the Independent Public Accountant (IPA) module within the GMEP within 90 days after the end of the Issuer's fiscal year

3

Each Issuer that is not regulated by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), or the U.S. Comptroller of the Currency (OCC) must provide Ginnie Mae with an unaudited quarterly financial statement

4

This statement must be submitted on a Web-based Mortgage Bankers Financial Reporting Form (MBFRF) (Web MB) (Form HUD 11750).

5

Web MB statements for the 1st, 2nd, 3rd and 4th quarters are due no later than April 30, July 31, October 31, and February 28, respectively.

B

Quarterly Financial Statements

MBS Program Participation Requirements



Demonstration Participation Requirements



REQUIRED COMPLIANCE WITH PROGRAM RISK PARAMETERS

Approved Issuers must demonstrate that their ongoing participation meets acceptable risk parameters.

- **Rates of loan delinquency** that do not pose a risk to an Issuer’s responsibility to advance P&I payments to security-holders.

Issuers must maintain Delinquency (DQ) ratios on outstanding pools and loan packages below the threshold levels:

INDICATORS		CATEGORIES	
DQ Ratio	The Formula	Issuers with more than 1000 loans	Issuers with 1000 loans or fewer
DQ3+ Ratio:	Number of loans in the Issuer’s Ginnie Mae portfolio that are either in the foreclosure process or are three months or more delinquent divided by total number of loans remaining in the portfolio.	5%	9%
DQ2+ Ratio:	Number of loans in the Issuer’s Ginnie Mae portfolio that are either in the foreclosure process or are two months or more delinquent divided by total number of loans remaining in the portfolio.	7.50%	10%
DQP Ratio:	Accumulated amount of delinquent P&I payments divided by total monthly fixed installment control due the Issuer.	60%	90%

MBS Program Risk Parameters

- A business model that provides for ongoing investment in **servicing capability**, both in terms of technology and staff expertise, and the addition of newly-created or acquired Mortgage Servicing Rights (MSRs) to the serviced portfolio.
- **Diverse portfolio composition**, so that an Issuer's risks are spread across a broad range of loan type, geographic or other portfolio characteristics.
- **Origination and servicing practices** that ensure that the performance of an Issuer's securities is in line with that of **similarly constituted securities** for the Ginnie Mae portfolio as a whole.
- **Inadequate financial position** determined by factors including the Issuer's financial history, the Issuer's current financial standing, and corporate family or affiliate matters.

Noted that Acceptable risk parameters, which are in part dependent on market conditions and may be amended from time to time.

MBS Program Risk Parameters



UNDUE ADDITIONAL RISK

Below is a list of situations that may present undue additional risk and therefore be considered outside of acceptable risk parameters and in violation of Ginnie Mae's MBS Program, which may, in Ginnie Mae's sole discretion, lead Ginnie Mae to impose additional financial and operational requirements on an Issuer or remove the Issuer from its Program:

- Rates of delinquency that are above the thresholds (Slide #83) or that otherwise pose a risk to an Issuer's responsibility to advance P&I payments to security-holders;
- "Run-off" portfolios, or business models that involve the recurring sale of substantially all the servicing created by issuance;
- Heavily-concentrated portfolios;
- Recurring issuance of multi-issuer program packages that exhibit prepayment activity that is substantially different from that of comparable packages; and
- Bankruptcy filing of a parent or affiliate, and trends that indicate financial distress, including but not limited to a pattern of net losses, a history of compliance breaches relating to financial or delinquency ratio requirements, declining or volatile liquid asset resources, declining adjusted net worth, excessive dividends or distributions from the Issuer, and related party financial issues.

(APM 18-02) MBS Program Risk Parameters Applicable to Participating Single-Family Issuers

APM 18-02

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 Pool Issuance and Immediate Transfer (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

(APM 19-06) Revised Demonstrated Participation Requirements

Purpose

Ginnie Mae continually monitors Issuer performance and seeks to encourage Issuer practices that are consistent with its mission and the integrity of the MBS Program.

Highlights

Ginnie Mae requires all Issuers to perform **at least one qualified activity within a consecutive 12-month period** in order to maintain their approved Issuer status and to eliminate the blanket exemption for state housing finance agencies from these requirements.

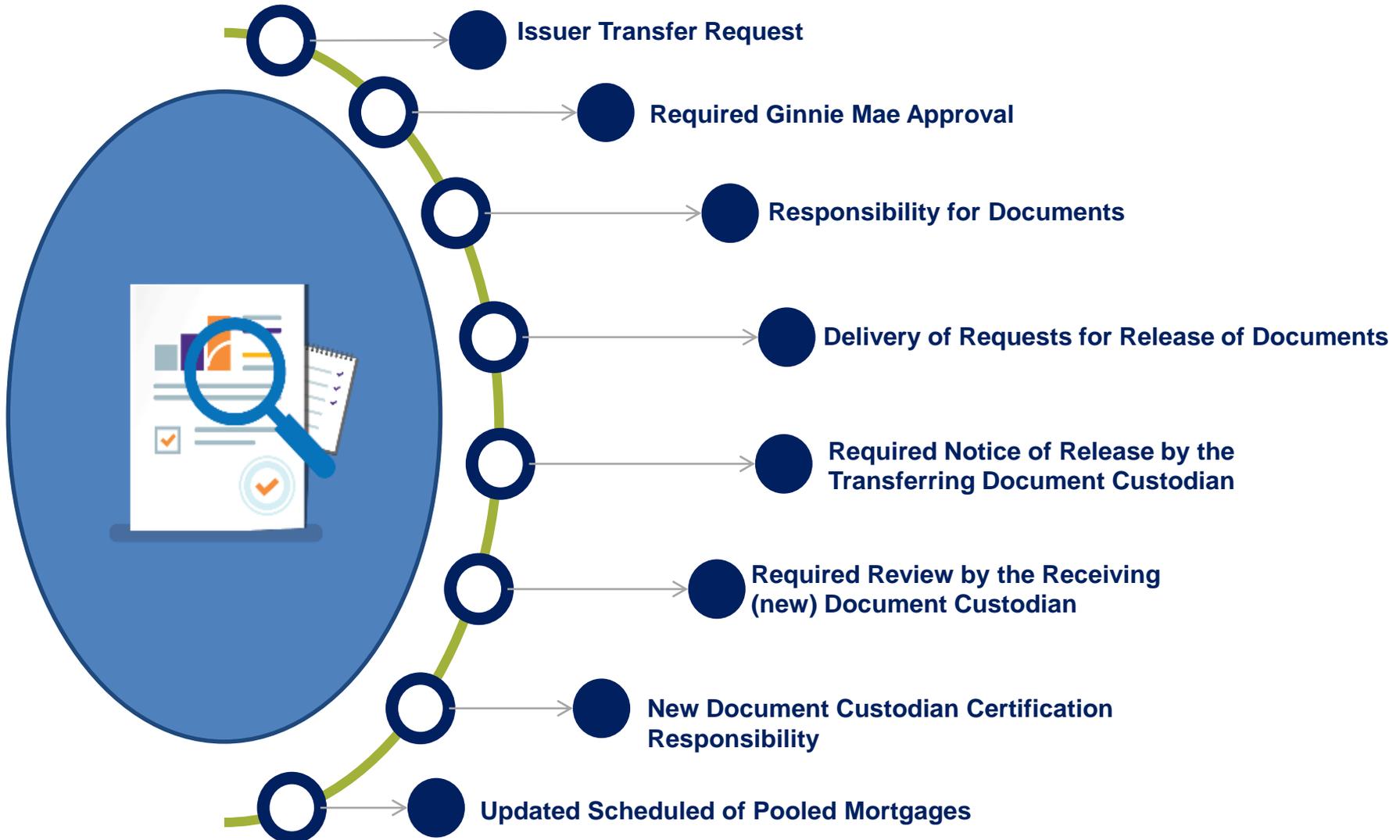
A qualified activity includes:

1. Issuing Ginnie Mae securities, including participation in PIIT activities (as long as Issuer also has non PIIT issuance in portfolio);
2. Being the Issuer of record for active Ginnie Mae securities (i.e. having securities outstanding); or
3. Acting as a sub-servicer of loans pooled with Ginnie Mae.

Citation

The revised Demonstrated Participation Requirements have been incorporated to Chapter 3, Part 21 § A of the MBS Guide and will be effective September 1, 2020.

Transfer of Document Custodial Responsibilities



Transfer of Document Custodial Responsibilities

Issuer Transfer Request	<p>The written request must specify the reasons for the transfer. If the transfer includes all of the Issuer's pools and loan packages, the request must include an original, executed Master Custodial Agreement, Form HUD 11715, executed by the Issuer and the new Document Custodian and attach a separate exhibit listing the numbers of all of the pools and loan packages.</p>
Required Ginnie Mae Approval	<p>Upon receipt of the letter and properly executed Master Custodial Agreement, Form HUD 11715, the PPA will indicate Ginnie Mae's approval in writing. The Document Custodian may not release documents to the new Document Custodian until it has received Ginnie Mae's written approval.</p>
Responsibility for Documents	<p>The current Document Custodian is responsible for control of the documents until they are released to the new Document Custodian. The documents must be released directly to the new Document Custodian, not to the Issuer.</p> <p>The new Document Custodian is responsible for the safe transfer of the documents to its facilities. Before releasing the documents, the Document Custodian must verify that Ginnie Mae has approved the transfer by obtaining from the Issuer a copy of the PPA's written approval.</p>
Delivery of Requests for Release of Documents	<p>Upon Ginnie Mae's written approval of the transfer, the prior Document Custodian must deliver all Requests for Release of Documents, Form HUD 11708, in its possession to the new Document Custodian. The prior Document Custodian must transfer these forms in the same format, either hard copy or using GinnieNET, in which it received them.</p> <p>The new Document Custodian must use the forms in its review of the document files for completeness and to complete the new pool or loan package final certification or recertification.</p>

Transfer of Document Custodial Responsibilities

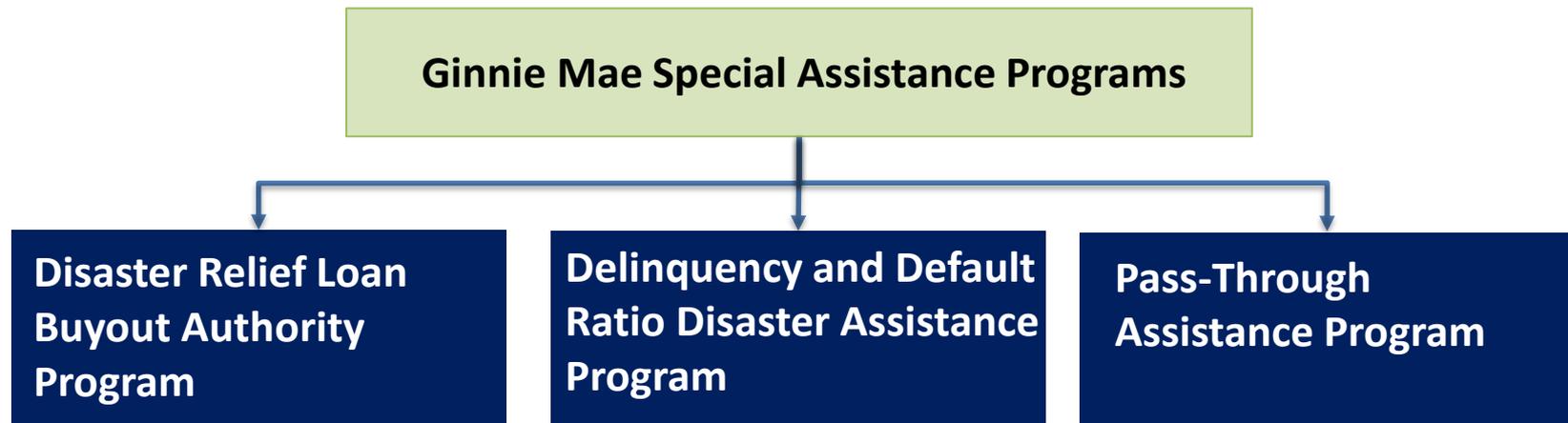
Required Notice of Release by the Transferring Document Custodian	<p>When the documents are released to the new Document Custodian, the current Document Custodian must write the following notice at the end of the separate exhibit of pool and loan package numbers:</p> <p style="text-align: center;"><i>All documents held by (name of existing Document Custodian) pertaining to Ginnie Mae pool number(s) listed on this exhibit have been released to (name of substitute Document Custodian). The release was made to (name of person representing substitute Document Custodian) and was completed on (date).</i></p>
Required Review by the Receiving (new) Document Custodian	<p>The new Document Custodian must carefully review, as applicable, the Schedule of Pooled Mortgages and the Schedule of Pooled Participations and Mortgages in the possession of the prior Document Custodian, to determine that it has received all required documents relating to all loan and pool or loan package documents in each affected pool or loan package.</p>
New Document Custodian Certification Responsibility	<p>Each pool or loan package transferred to a new Document Custodian before final certification must receive final certification and recertification in compliance with the requirements of Document Custodian Manual on or before the time final certification is due for that pool or loan package. Each pool or loan package transferred to a new Document Custodian after final certification has been received must be recertified in compliance with the requirements of Document Custodian Manual within 12 months after the date of written approval of the transfer by the PPA for Ginnie Mae.</p>
Updated Scheduled of Pooled Mortgages	<p>Upon completion of the transfer, the Issuer or new Document Custodian must submit to the PPA for each pool or loan package an updated copy of the original Schedule of Pooled Mortgages, Form HUD 11706. The final certification or recertification must be signed by the new Issuer and Document Custodian.</p>

Special Assistance Programs



Special Assistance Programs

- The President of the United States has the authority to declare a major disaster for any area that has been affected by damage of sufficient severity and magnitude to warrant major disaster assistance.
- When the President declares a major disaster, Ginnie Mae may, at its sole discretion, extend to Issuers one or more of the Disaster Assistance Programs.
- Ginnie Mae will announce through **an All Participants Memorandum (APM)** if Disaster Assistance Programs will be made available for a given major disaster as well as the expiration date for each program. **These disaster assistance programs are not available until authorized by a Disaster APM.**



Special Assistance Programs

Program	Disaster Relief Loan Buyout Authority	Delinquency and Default Ratio Disaster Assistance	Pass-Through Assistance
Description	<p>The Disaster Relief Loan Buyout Authority Program enables Issuers to buy out eligible loans, subject to Ginnie Mae approval, even if the loans are not delinquent, or do not otherwise meet the conditions for a buyout detailed.</p>	<p>The MBS Guide provides the delinquency and default thresholds used by Ginnie Mae in determining whether to approve commitment authority requests, pool number requests, and Transfers of Issuer Responsibility. Under the Delinquency and Default Ratio Disaster Assistance Program, Ginnie Mae may, in its sole discretion, and upon request from an Issuer, exclude Eligible Loans from calculations of delinquency and default ratios.</p>	<p>Ginnie Mae may assist Issuers with pass-through payments to Investors if the Issuer has a Qualifying Portfolio. The specific and limited purpose of this program is to allow Issuers facing a temporary liquidity shortfall that is directly attributable to a major disaster to receive the benefit of the Ginnie Mae guaranty without the consequence of termination and extinguishment. Requests for assistance under this program should only be made by an Issuer as a “last resort.” A request for assistance is a basis for a default.</p>
Citation	<p>MBS Guide, Ch. 14 or 18.</p>	<p>MBS Guide, Ch. 18, Part 3.</p>	<p>MBS Guide, Ch. 34, Part 2.</p>

Issuer Risks and Liabilities



MBS Programs Risks and Liabilities Overview

- 1** Advances to Pay Security Holders
- 2** Interest Due Security Holders but not Payable by Mortgagor
- 3** Incorrect Calculation of P&I Payment
- 4** Incorrect Calculation under ARM Program
- 5** Violation of Notice Provisions under ARM Program
- 6** Losses Associated with Removal of Loan from Pool or Loan Package
- 7** Costs Related to Defective Mortgages (Loan Repurchase or Replacement, Participation Purchase)
- 8** Pool and Loan Package Administration Costs
- 9** Ginnie Mae Costs, Losses, and Expenses Resulting from Issuer's Default
Miscellaneous Expenses
- 10** Miscellaneous Expenses

MBS Programs Risks and Liabilities

1

Advances to Pay Security Holders

- Under both Ginnie Mae MBS Programs an **Issuer must pay security holders on time and in the full amount specified by the terms of the securities** regardless of whether the Issuer receives mortgage payments on time or receives them at all.
- If pooled loans are delinquent or in foreclosure, **Issuers must use their own funds to insure that security holders receive principal and interest when due.** The Issuer may reimburse itself, but only to the extent permitted under the applicable Guaranty Agreement and this Guide, from late mortgage payments, liquidation proceeds, or FHA, VA, RD, or PIH insurance or guaranty payments.

2

Interest Due Security Holders but not Payable by Mortgagor

- An Issuer is responsible under the Ginnie Mae I MBS Program for making payments, or making funds available for the payment, of interest due security holders, and under the Ginnie Mae II MBS Program for providing to the CPTA the funds necessary to make payments of interest due security holders, even if associated interest payments are not required to be paid by the mortgagor on the underlying pooled loan.

3

Incorrect Calculation of P&I Payment

- If an Issuer erroneously reports an RPB that is too low for a pool or loan package and does not correct the report by the 4th business day of the month, it is responsible for making available the funds necessary to make payments of interest and principal to the related security holders in accordance with the reported RPB.

MBS Programs Risks and Liabilities

4

Incorrect Calculation under ARM Program

- The Issuer is responsible for any losses resulting from its failure to accurately and timely adjust the interest rate or payments due on pooled adjustable rate mortgages.

5

Violation of Notice Provisions under ARM Program

- The Issuer is solely liable for any losses sustained by or damages assessed against the Issuer for failure to provide timely notice of mortgage payment adjustments to mortgagors under the pooled adjustable rate mortgages.

6

Losses Associated with Removal of Loan from Pool or Loan Package

- To the extent that the RPB of a mortgage has not been recovered by the Issuer at the time of:
 - Final payment of the mortgage insurance or guaranty claim proceeds or other final disposition of a claim by the insuring or guaranteeing federal agency;
 - The withdrawal of a defective loan from the pool; or
 - Any other complete liquidation or disposition of the mortgage or the mortgaged property (this includes, but is not limited to, completion of foreclosure or any other act by which the mortgage no longer is in its pool or loan package or no longer provides backing for the securities related to that pool or loan package);

MBS Programs Risks and Liabilities

7

Costs Related to Defective Mortgages (Loan Repurchase or Replacement, Participation Purchase)

- If a Single-Family mortgage is found to be defective within 4 months after the issue date of the securities, the Issuer must cure the defect or replace the mortgage or loan in the pool or loan package with a substitute mortgage or loan. The substitute mortgage or loan must satisfy the requirements of MBS Guide Ch. 14. After the four-month period, replacement is not allowed, and the Issuer must either cure the defect or repurchase the mortgage or loan out of the pool or loan package at par, less the principal payments advanced by the Issuer.
- Note: An Issuer must receive prior written permission from Ginnie Mae's OIPM, before replacing or repurchasing any defective loan.

8

Violation of Notice Provisions under ARM Program

- Issuers are responsible for all pool and loan package administration costs including those associated with:
 - servicing mortgage loans;
 - administering securities;
 - processing foreclosures;
 - preparing tax-related advice to security holders; and
 - preparing and submitting reports and records required by Ginnie Mae.

9

Ginnie Mae Costs, Losses, and Expenses Resulting from Issuer's Default Miscellaneous Expenses

- If Ginnie Mae declares an Issuer in default under the applicable Guaranty Agreement, the Issuer is liable to Ginnie Mae in accordance with MBS Guide, Ch. 23 and also, where applicable for the HMBS program, as described in MBS Guide, Ch. 35.

10

Miscellaneous Expenses

- An Issuer is required to cover the following additional expenses:
 - major property losses not covered by insurance;
 - losses arising from legal proceedings affecting the property (e.g., condemnation); and
 - any other loss or expense if reimbursement is not specifically provided for in this Guide.

Remedies for Non-compliance and Default



Non-Compliance and Default - Remedies upon Declaration of Default

In the event of an Issuer default, Ginnie Mae, in its sole discretion, will be entitled to avail itself of all remedies under the applicable Guaranty Agreement, any related Cross-Default Agreement, or applicable law. Among other things, Ginnie Mae has the right to:



Terminate Issuer Status

Terminate the Issuer's status as an approved Ginnie Mae Issuer.



Extinguishment of Interest in Mortgages

Extinguish any redemption, equitable, legal, or other right, title, or interest of the Issuer, and anyone claiming through the Issuer, in the mortgages in pools and loan packages for which the Issuer has Issuer responsibility.



Recovery by Ginnie Mae

Recover from the Issuer all shortfalls in any P&I custodial account (including a central P&I custodial account), any escrow custodial account, any disbursement account, and any clearing account. The Issuer remains liable to Ginnie Mae for the restitution of any excess funds withdrawn to cover advances.



Cross-Default

Upon an Issuer being declared in default under the applicable Guaranty Agreement, declare without further cause a default on all other pools and loan packages of that same Issuer and all pools and loan packages of any affiliated Issuer that has executed a **Cross-Default Agreement**.

Non-Compliance and Default - Remedies upon Declaration of Default



Civil Money Penalties

Ginnie Mae may impose a civil money penalty whenever in Ginnie Mae's judgment an approved Issuer, document custodian, or funds custodian knowingly and materially violates a relevant program statute, regulation, or handbook requirement or when a false statement is submitted to HUD.



No Recovery of Advances, Expenses or Other Items

Deny Issuers recovery from Ginnie Mae for any advances, expenditures, or losses of the Issuer in connection with the pooled mortgages. In addition, if Ginnie Mae declares an Issuer in default, the Issuer automatically loses any right to recover advances, expenditures, or losses from all other sources.



Denial of Reentry

Deny reentry into the Ginnie Mae MBS Programs to any former Issuer and its principals if Ginnie Mae determines, in its sole discretion, that approval would create an undue risk to Ginnie Mae or to the integrity of a Ginnie Mae MBS Program.



Other Remedies

Institute administrative enforcement proceedings against an Issuer, document custodian, or funds custodian, including actions before the FHA Mortgagee Review Board seeking suspensions and debarments, and refer misconduct to the HUD Inspector General.

List of Acronyms

Acronym	Definition
APM	All Participants Memorandum
ARM	Adjustable Rate Mortgage
BD	Buydown Mortgage
CMT	Constant Maturity Treasury
CPTA	Central Paying and Transfer Agent
DCM	Document Custodian Manual
DQ	Delinquency Ratio
EIN	Employer Identification Number
FAS	Financial Accounting Standard
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
GEM	Growing-Equity Mortgage
GMEP	Ginnie Mae Enterprise Portal
GPM	Graduated Payment Mortgage
HAMP	Home Affordable Modification Program
HECM	Home Equity Conversion Mortgage Loans
HUD	Housing and Urban Development
IA	Internal Auditor
IPA	Internal Public Accountant
IPMS	Integrated Pool Management System
IR	Interest Rate
IRS	Internal Revenue Code
LIBOR	London Interbank Offered Rate
LSS	Loan Servicing Spread
MBFRF	Mortgage Bankers Financial Reporting Form
MBS	Mortgage-Backed Security
MERS	Mortgage Electronic Registration Systems
MF	Multifamily
MH	Manufactured Home Loan
MIP	Multiple Issuer Pool

Acronym	Definition
MOM	Original Mortgagee
MSR	Mortgage Servicing Rights
NCUA	National Credit Union Administration
OAHP	Office of Affordable Housing Preservation
OCC	Office of the Comptroller of the Currency
OIPM	Office of Issuer & Portfolio Management
P&I	Principal and Interest
PDMDA	Presidentially-declared Major Disaster Area
PIH	Public and Indian Housing
PIIT	Pool Issued for Immediate Transfer
PPA	Pool Processing Agent
PWLSS	Pool-Based Weighted Loan Servicing Spread
RD	Rural Development
RPB	Remaining Principal Balance
SF	Single-Family
SN	Serial Note
UPB	Unpaid Principal Balance
USDA	United States Department of Agriculture
VA	Department of Veteran Affairs
WLSS	Weighted Loan Servicing Spread

Ask
Answer
Who
Why
Where
What
When
Apply
Understand
Query
Question
Answers
Questions

Thank you!