

August 4, 2022

APM 22-08

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Alanna McCargo, President

SUBJECT: Institution-wide Capital Requirements and Program Risk Parameters

To ensure that Mortgage-Backed Securities program requirements appropriately reflect the risk associated with different Issuer profiles, Ginnie Mae is revising the Institution-wide Capital Requirements in the Mortgage-Backed Securities Guide, 5500.3 Rev-1 (“MBS Guide”), Chapters 2 and 3 for financial institutions seeking approval as Ginnie Mae Single-Family, Multifamily, Manufactured Home and Home Equity Conversion Mortgage MBS (“HMBS”) Issuers (“Applicants”) as well as existing Ginnie Mae Single-Family, Multifamily, Manufactured Home and HMBS Issuers (“Issuers”). In addition, Ginnie Mae is revising Program Risk Parameters in Chapter 3 for all Issuers. All the changes announced in this APM will be effective beginning with Issuer fiscal year end December 31, 2022, and thereafter.

Revised Institution-Wide Capital Requirements

- Applicants and Issuers that are subject to federal regulation by the Board of Governors of the Federal Reserve System (“the Fed”), Federal Deposit Insurance Corporation (“FDIC”), Office of the Comptroller of the Currency (“OCC”), National Credit Union Administration (“NCUA”) or Federal Housing Finance Agency (“FHFA”) must meet all regulatory capital requirements to be considered at least “well-capitalized” or its equivalent. Applicants and Issuers in this category include but are not limited to bank holding companies (“BHCs”), banks, wholly owned subsidiaries of BHCs that are consolidated for purposes of regulatory oversight, thrifts, savings and loan holding companies, credit unions and Federal Home Loan Banks. Non-depository mortgage companies that are not subject to federal prudential regulation are not included in this category.
- Applicants and Issuers that are instrumentalities of a U.S. state or territory, including but not limited to State Housing Finance Authorities or Agencies, are not subject to institution-wide capital requirements.

Applicants and Issuers that are not covered by the requirements for financial institutions described above (see MBS Guide Chapter 2, Part 9, §§ B(2)(a) and (b) for Applicants, and MBS Guide Chapter 3, Part 8, §§ A (3) (a) and (b) for Issuers) must continue to maintain a “Leverage Ratio” of at least 6% as set forth in MBS Guide Chapter 2 Part 9 §§ B (2) (c) for Applicants and



MBS Guide Chapter 3, Part 8, §A (3) (c) for Issuers. For purposes of calculating the Leverage Ratio (Total Adjusted Net Worth divided by Total Assets), Total Assets do not include Ginnie Mae Loans Eligible for Repurchase (GMLERs). GMLERs are delinquent loans that are eligible to be bought out of a pool but that have not yet been bought out, consistent with MBS Guide Chapter 18, Part 3 § B (1). GMLERs are not applicable to the HMBS program.

Revised Program Risk Parameters

If an approved Issuer is reliant on support from a corporate parent to maintain its compliance with Ginnie Mae requirements, as determined by factors including the Issuer's financial history, the Issuer's current financial standing, and corporate family or affiliate matters, the corporate parent's financial standing should be such that it could meet the financial requirements as a Ginnie Mae Issuer. If the information regarding the corporate parent's financial standing is not publicly available, the corporate parent may be required to provide it to Ginnie Mae no more frequently than on a quarterly basis. For more information, see MBS Guide Chapter 3, Part 21 § B (1) (e).

Effective December 31, 2022, Chapters 2 and 3 of the MBS Guide will be amended in accordance with this Memorandum. Chapter 6 of the HUD Consolidated Audit Guide ("Audit Guide") will be updated to direct independent auditors to the MBS Guide for the current Institution-wide Capital Requirements for Applicants and Issuers. Until the Audit Guide update takes place, the requirements in the MBS guide supersede the requirements in the Audit Guide if the requirements in these two guidance documents conflict.

If you have questions, please contact your Account Executive in the Office of Issuer and Portfolio Management directly.



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