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APM 18-02

January 25, 2018

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael Bright, Executive Vice President and Chief Operating Officer

SUBJECT: MBS Program Risk Parameters Applicable to Participating Single Family Issuers

Ginnie Mae continually monitors Issuer participation in the MBS program, and evaluates the MSR portfolios that result from issuance activity to ensure that these portfolios do not have an impact on either the Issuer or securityholders that is adverse to the interests of the program. Effective immediately, Chapters 3, 5, 9, 10, and 18 of the MBS Guide are being expanded to provide additional information about acceptable risk parameters for an Issuer's Ginnie Mae portfolio and related consequences of non-compliance with these standards.

The revised Chapter 3 provides examples of instances that Ginnie Mae considers outside of the acceptable risk parameters, and are in violation of Ginnie Mae's program requirements. If an Issuer violates these program requirements, Ginnie Mae may impose greater restrictions on that Issuer's participation in the MBS Program, including but not limited to requiring that an Issuer's high-risk portfolio be recalibrated to fall within the acceptable risk parameters; requiring portfolio diversification; or placing a restriction on an Issuer's participation in the PIIT program and/or multiple Issuer pools.

Issuers should review the updated MBS Guide chapters attached to this memorandum carefully. This guidance should be the basis for ongoing Issuer review of their MSR portfolios and business practices. Issuers should consult with Ginnie Mae as necessary to ensure that their participation meets standards of acceptability.

If you have any questions regarding this announcement, please contact your Account Executive in the Office of Issuer and Portfolio Management directly, or at (202) 708-1535.



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