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APM 18-03

February 1, 2018

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

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

SUBJECT: Limited Acceptability of Mortgage Priority Guarantee Policies for Securities Issued on January 1, 2016 or earlier

The success of Ginnie Mae's Mortgage-Backed Securities Program is contingent on the integrity of the collateral backing Ginnie Mae securities and on compliance with the requirements of the insuring or guarantying agencies. Ginnie Mae requires Issuers to ensure that each mortgage backing a Ginnie Mae security has a first lien position at the time of pooling and to provide an approved type of title insurance product for each mortgage submitted for pool certification. Over the last two years, Ginnie Mae has increased the number of acceptable title insurance products for modified mortgages to include ALTA Form Mortgage Modification Policies (MMPs). In contrast, Ginnie Mae has never accepted and does not accept Mortgage Priority Guarantees (MPGs), with the limited exception being announced here. Effective immediately, Ginnie Mae will accept MPGs *only* for *modified* mortgages backing securities with issuance dates of January 1, 2016 or earlier. MPGs are not acceptable for securities with issuance dates of February 1, 2016, or later.

Under previous document custody and pool certification requirements, Ginnie Mae prescribed Issuers to provide new title policies or title policy endorsements to satisfy the title insurance requirements for modified mortgages. On February 1, 2016, Ginnie Mae published APM 16-01, which revised the Document Custody Manual (DCM), Appendix V-01 of the Mortgage-Backed Securities Guide, HUD Handbook 5500.3 Rev.1. The 2016 DCM revisions allowed Issuers to satisfy title insurance requirements for modified mortgages by delivering an MMP in lieu of a new title policy or title policy endorsement. The 2016 DCM did not include MPGs as acceptable title insurance products.

Ginnie Mae allowed the use of MMPs to address operational challenges faced by Issuers seeking title policy endorsements for certain modified mortgages. MPGs were not included as acceptable title insurance products in the 2016 DCM, in part, because the coverage provided by MPGs was not standard across the industry and could therefore vary across policy providers.



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To ensure the lien position of modified mortgages, and prior to the publication of the revised DCM, some Issuers obtained and provided an MPG for modified mortgages submitted for pooling outside of Ginnie Mae standards. The pools containing MPGs are now subject to pool certification issues related to deficient title insurance documentation.

Certain title insurance companies who provided MPGs to Issuers entered into agreements with Ginnie Mae to address the concern surrounding the potential variances in the coverage provided by their MPG products. In response to these agreements and to provide limited relief to Issuers, Ginnie Mae will accept MPGs, but *only for modified mortgages* backing securities with issuance dates of *January 1, 2016 or earlier*. The table below illustrates the types of insurance products that are acceptable for modified loans based on the security issuance date corresponding to each loan.

Security Issuance Date	Acceptable Title Insurance Products
January 1, 2016 or earlier	New Title Policy Title Policy Endorsement (ensuring priority over defects, liens, and encumbrances) ALTA Mortgage Modification Policy (MMP) Mortgage Priority Guarantee Policy (MPG)
February 1, 2016 or later	New Title Policy Title Policy Endorsement (ensuring priority over defects, liens, and encumbrances) ALTA Mortgage Modification Policy (MMP)

All other Issuer responsibilities relating to pool certification and loan documentation remain unchanged, including an Issuer’s responsibility to obtain and record any subordination agreements necessary to ensure that any modified mortgage submitted for securitization has a first priority position.

The updates announced in this APM are reflected in Chapter 24 of the MBS Guide and in Chapter 3 of the Document Custody Manual and are effective immediately. You may retrieve the updated version of these chapters from Ginnie Mae’s website.

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.