

CHAPTER 2: ELIGIBILITY REQUIREMENTS — APPROVAL AS A GINNIE MAE ISSUER

2-1: OVERVIEW OF CHAPTER

An applicant must meet certain eligibility requirements in order to be approved as a Ginnie Mae Issuer. This chapter describes those eligibility requirements. Once approved, a Ginnie Mae Issuer must meet the requirements described in Chapter 3 in order to maintain Ginnie Mae approved status.

An applicant may arrange for another Ginnie Mae Issuer (a subservicer) to perform certain servicing functions, as described in Chapter 4, with respect to the securities and the pooled mortgages. However, the subservicer must be a Ginnie Mae approved Issuer and the subservicing arrangement must have prior Ginnie Mae approval. (See Chapter 21, Section 21-7.)

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The eligibility requirements for approval as a Ginnie Mae Issuer are the same under both the Ginnie Mae I and the Ginnie Mae II Mortgage-Backed Securities (MBS) Programs. Thus, an applicant must file only one application in order to qualify to issue securities under both of those Programs.

An applicant for Ginnie Mae MBS Issuer status must satisfy the eligibility requirements described in this chapter regardless of the type of loans the applicant intends to pool in issuing securities.

FHA-insured Title I Manufactured Home (MH) lenders who wish to issue Ginnie Mae securities backed by FHA Title I manufactured home loans must meet certain additional eligibility requirements as described in Chapter 30 of this Guide, and Home Equity Conversion Mortgage (HECM) MBS (HMBS) Issuers must meet specific program requirements described in Chapter 35.

Each applicant must notify Ginnie Mae immediately of any material change with regard to its ability to meet these eligibility requirements while the application is pending and at any time thereafter.

If an applicant fails to satisfy an eligibility requirement or fails to notify Ginnie Mae timely of any material changes in the applicant's status, Ginnie Mae may deny the application. Ginnie Mae reserves the right to decide, in its sole discretion, who may participate in the Ginnie Mae MBS Programs.

2-3: FHA APPROVAL

- (A) The applicant must certify at the time the application to Ginnie Mae is filed that it is an FHA-approved mortgagee in good standing and provide its FHA mortgagee identification number.

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- (B) If the applicant or any of its principals, officers or employees is the subject of any unresolved findings in an FHA quality assurance or Mortgage Review Board matter, the facts of the matter must be disclosed to Ginnie Mae at the time of application.
- (C) The applicant must certify whether it or one or more of its principals or officers is the subject of any government debarment or HUD program exclusion, or has been subject to any such sanction within the ten years preceding the submittal of the application.

2-4: FANNIE MAE OR FREDDIE MAC APPROVAL

If the applicant is a Fannie Mae-approved or Freddie Mac-approved mortgage seller and servicer, it must be in good standing with that agency or agencies, certify to that effect, provide its seller/servicer identification number(s), and certify whether it is or has ever been the subject of any adverse action by either agency.

2-5: PRINCIPAL ELEMENT OF BUSINESS

For Ginnie Mae MBS Issuer approval, the origination, underwriting, and servicing of mortgage loans must be principal elements of the applicant's business.

2-6: MANAGEMENT CAPABILITY, EMPLOYEES AND EXPERIENCE REQUIREMENTS

An applicant must conduct its business in accordance with accepted mortgage lending and servicing practices, ethics, and standards. An applicant for Ginnie Mae Issuer approval must possess demonstrated experience and management capability, and it must have facilities that are, together with the facilities of its subservicers, appropriate to service the mortgage collateral and to issue and service Ginnie Mae MBS. The applicant must have in place sound financial, business, and management plans that incorporate a budget, operating procedures, and objectives with management oversight and control.

- (1) The applicant must have at least three full-time officers and one additional full-time employee who are responsible for supervising the issuance of MBS, and the origination and servicing of pooled mortgages, and/or pooled Participations and related mortgages.

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- (2) The employee in charge of servicing operations or responsible for oversight of its contract servicer must have a minimum of three (3) years of broad mortgage servicing experience in the following areas: government loan servicing, payment processing, investor reporting, collection techniques and timelines, bankruptcy and foreclosure timelines, loss mitigation techniques (modification, short sales, etc.), and the claims processes for the types of loans (FHA/VA/RD/PIH) it intends to pool and service.
- (3) The officers and employees described above in paragraph (1) above must have sufficient experience in originating and servicing mortgages of the type that the applicant plans to pool to ensure proper long-term management of the pools and securities that it will be responsible for if it is approved by Ginnie Mae.
- (4) The officer in charge of day-to-day operations must be employed full time exclusively by the applicant.
- (5) The applicant must maintain at least one physical office. The applicant's physical offices must be self-contained and separate from those of any other entity.
- (6) The applicant must be a separate legal entity with its own exclusive employees and must maintain financial and operational records of its activities separate and apart from any affiliated entity or subsidiary.

An applicant must submit proof satisfactory to Ginnie Mae that the applicant is responsible and fit to function as an Issuer in the MBS Program.

2-7: FIDELITY BOND AND ERRORS AND OMISSIONS INSURANCE

Each applicant must have a fidelity bond and a mortgagee's errors and omissions policy (E&O) as described below and acceptable to Ginnie Mae, in effect at all times.

(A) Type of Coverage

- (1) **Fidelity bond:** The fidelity bond must cover all losses resulting from dishonest, fraudulent or negligent acts committed by the applicant's officers and employees or any other persons authorized by the applicant to act on its behalf, including but not limited to:
 - (a) officers and employees of outside firms while they are providing legal, data processing or accounting services to the applicant;

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- (b) persons assigned to the applicant through an intervening employer or agency to perform the usual duties of an employee of the applicant on a contingent or temporary basis; and
 - (c) students pursuing studies or duties in the applicant's office.
- (2) **Mortgagee's errors and omissions, mortgage impairment or mortgage interest insurance:** The mortgagee errors and omissions policy must protect the applicant against loss resulting from negligence, error or omissions committed by any officers and employees of the company and other persons identified in Section 2-7(A)(1) above that are required to be covered while performing normal duties with respect to the mortgages originated or acquired, and mortgages serviced, by the applicant. These duties include but are not limited to:
- (a) determining whether the mortgaged properties are located in special hazard flood areas as defined by the Director of the Federal Emergency Management Agency (FEMA);
 - (b) ensuring that the mortgaged properties are insured in accordance with the requirements of this Guide;
 - (c) maintaining FHA insurance or guaranties by VA, RD, or PIH on each mortgage; and
 - (d) ensuring the payment of real estate taxes and any other mandatory assessments on each mortgaged property.

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(B) Required Elements

Ginnie Mae will accept coverage from insurers where all coverage requirements in this Chapter, including the following, are met:

(1) Ginnie Mae shall have the right to file a claim directly with the insurer and be paid directly by the insurer.

(2) Ginnie Mae shall be notified if the insurer cancels or amends an Issuer's fidelity bond or errors & omissions coverage, whether for cause or at the request of the Issuer, at least 30 days before the effective date of the cancellation or amendments

(3) Ginnie Mae, its successors and assigns, shall be named as a loss payee on drafts issued by the insurer to cover a loss affecting Ginnie Mae's interest.

(4) For any policy that terminates automatically upon certain events, including takeovers of insured by federal or state entities, Ginnie Mae shall, for a period of at least 90 days from the date of termination of the policy, continue to have the right to file a claim and be paid directly by insurer for events that took place during the coverage period prior to the date of termination.

(5) The policy must not have a deductible that exceeds the maximum ratios set in accordance with portfolio size in Section (D) below.

(6) If the applicant is a sole proprietorship or a partnership, Ginnie Mae requires endorsements to the fidelity bond and mortgagee errors and omissions policy stating that principals of the proprietorship or partnership are not excluded as insured "employees" under the policies.

In lieu of submitting fidelity bond and errors and omissions insurance policies, applicants have the option of submitting a Mortgage Bankers Bond. Similar coverage is also provided by insurers affiliated with Lloyd's of London.

Many alternative insurance products are labeled as fidelity bond and/or errors & omissions policies, but are not acceptable coverage because they do not meet Ginnie Mae requirements.

Issuers will need to negotiate with their insurance carrier to ensure that all Ginnie Mae requirements are met.

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**(C) Exclusionary
Endorsement**

The applicant must submit, with its application for Ginnie Mae approval, a copy of the complete bond and insurance policy showing the kinds and limits of coverage, any exclusionary endorsements, and all other endorsements to the bond or insurance policy.

(D) Amount of Coverage

The minimum amount of the fidelity bond is \$300,000. The minimum amount of the mortgagee errors and omissions policy is \$300,000. Each policy must be written (1) per loss or per occurrence or (2) in the aggregate.

If the applicant has an existing servicing portfolio, or otherwise owns the mortgage servicing rights for a portfolio being subserviced by another entity (including Fannie Mae, Freddie Mac, private label, or other conventional insured or uninsured loans), then the amount of the required insurance coverage will be based on the remaining principal balance of the applicant's total servicing portfolio and calculated as follows:

| TOTAL SERVICING PORTFOLIO | MINIMUM AMOUNT OF COVERAGE | MAXIMUM DEDUCTIBLE BASED ON FACE VALUE OF POLICY |
|---|--|--|
| \$100 million or less | \$300,000 | higher of 10% or \$100,000 |
| Over \$100 million to and including \$500 million | \$300,000 plus 0.15 percent of portfolio for amounts over \$100 million to less than or equal to \$500 million | higher of 10% or \$100,000 |
| Over \$500 million to and including \$1 billion | The amount produced by the preceding calculation plus 0.125 percent of portfolio for amounts over \$500 million to less than or equal to \$1 billion | higher of 10% or \$100,000 |
| Over \$1 billion | The amount produced by the preceding calculation plus 0.1 percent of portfolio for amounts over \$1 billion | 15% |

Examples of calculations of minimum amounts of insurance required are:

| TOTAL SERVICING PORTFOLIO | CALCULATION | MINIMUM AMOUNT OF COVERAGE |
|---------------------------|-------------------------------------|----------------------------|
| \$100 million | | \$ 300,000 |
| \$500 million | \$300,000 + 0.15% of \$400 million | \$ 900,000 |
| \$1 billion | \$900,000 + 0.125% of \$500 million | \$1,525,000 |

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| | | |
|---------------|-------------------------------------|-------------|
| \$1.5 billion | \$1,525,000 + 0.1% of \$500 million | \$2,025,000 |
|---------------|-------------------------------------|-------------|

- (1) Fidelity bond coverage may be capped at a minimum amount less than the above calculations for those Issuers who provide evidence that their fidelity insurance has been capped by the Government Sponsored Enterprises, subject to Ginnie Mae’s evaluation of several factors that may include, but are not limited to, the following criteria:
 - Reportable conditions that have been identified by an Issuer’s Independent Public Accountant (IPA) under standards established by the American Institute of Certified Public Accountants (AICPA);
 - Adjusted net worth relative to Ginnie Mae’s requirements; and
 - Material compliance issues with Ginnie Mae, the Government Sponsored Enterprises, or federal regulators.
- (2) Mortgagee errors and omissions coverage is capped at \$20 million.

(E) Rating for Carrier

The required insurance policy must be written by an insurance carrier with an A.M. Best rating of B+ or better. The carrier must be specifically licensed or authorized by law to transact business within the states or territories where the properties are located.

(F) Submission of Insurance Policy and Certificate of Insurance

Within 90 days after the end of each fiscal year, and also within 30 days from the date of renewal of any expiring fidelity bond or E&O insurance policy or for policy renewals occurring more than 30 days from a fiscal year-end filing deadline, Issuers must forward to Ginnie Mae a certificate of insurance as well as a copy of their full fidelity bond and E&O insurance policy via the Independent Public Accountant (IPA) module within the Ginnie Mae Enterprise Portal (GMEP). For more information please see Appendix VI-20.

2-8: REQUIRED FINANCIAL STATEMENTS

An applicant must provide a copy of its annual financial statements for the three most recent fiscal years. The statements must be audited and certified by an independent auditor that meets the auditor qualifications set out in Chapters 1, 2 and 6 of the “HUD OIG Consolidated Audit Guide for

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Audits of HUD Programs,” Handbook No. HUD OIG 2000.04 ([Audit Guide](#)). The audit shall be conducted in accordance with the government auditing standards of the Comptroller General of the United States.

Annual audited financial statements must include a balance sheet and statements of operations and cash flow which must be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

If the latest audited financial statement is for a period ending more than six (6) months prior to the date Ginnie Mae receives the application, an interim unaudited statement as of the most recent month-end, certified by the Chief Financial Officer or Chief Executive Officer of the applicant, also must be submitted. (See Section 3-7(C)(6) for the form of certification.)

Ginnie Mae requires that applicants meet financial requirements in order to receive approval to participate in the MBS program. An applicant must demonstrate that it has sufficient adjusted net worth for the program type(s) in which it intends to participate. An applicant must also meet other financial requirements, including liquidity requirements, as provided below and in accordance with Chapter 2, Section 2-9(D) herein.

2-9: FINANCIAL REQUIREMENTS

(A) Net Worth Requirements for Types of Authorized Securities

- (1) For applicants seeking approval to participate in the Single-Family (SF) program, which is comprised of MBS that are backed by single-family level payment, graduated payment, growing equity, buy-down, serial note or adjustable rate mortgages, the minimum base net worth requirement is \$2,500,000.
- (2) For applicants seeking approval to participate in the MH program which is comprised of MBS that are backed by FHA-insured Title I manufactured home loans, the minimum base net worth is \$10,000,000. Applicants who seek authority to issue MH MBS also must meet the eligibility requirements described in Chapter 30 of this Guide.
- (3) For applicants seeking approval to participate in the Multifamily program, which is comprised of MBS backed by multifamily construction or permanent loans, the minimum base net worth is \$1,000,000.
- (4) For applicants seeking approval to participate in the HMBS program, which is comprised of MBS backed by HECMs, the minimum base net worth requirement

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is \$5,000,000. Applicants who seek authority to issue HMBS also must meet the eligibility requirements described in Chapter 35 of this Guide.

Applicants seeking Ginnie Mae Issuer approval to participate in more than one program type (Single-Family, Multifamily, MH, and/or HMBS) are required to meet and maintain adjusted net worth equal to or greater than the sum of the minimum net worth requirements for each program type in which the applicant intends to participate.

For example, an applicant seeking approval to participate in both the Single-Family and HMBS programs must have an adjusted net worth of at least \$7,500,000.

(B) Other Financial Requirements

Applicants for Single-Family, Multifamily, Manufactured Home and HMBS Ginnie Mae Issuer approval must meet the liquidity and institution-wide capital requirements below.

(1) **Liquidity Requirements.** Ginnie Mae requires applicants to have appropriate levels of liquidity to enable them to meet and sustain their obligations under the MBS Program. Ginnie Mae will analyze the applicant's most recent fiscal year-end financial statement to assess compliance with the following:

(a) Single-Family Issuer applicants, including applicants for Manufactured Home (MH) program, must have liquid assets of at least \$1,000,000, which may be comprised of cash, and cash equivalents as defined under FAS95.

(b) Multifamily and HMBS Issuer applicants must have liquid assets of at least 20% of their Ginnie Mae net worth requirement

(2) **Institution-wide Capital Requirements:** Institution-wide capital requirements are based on the applicant's fiscal year-end audited financial statement:

(a) Applicants who are banks, thrifts, bank holding companies, or savings and loan holding companies must meet the following Institution-wide capital requirements. These formulas are not applicable to credit unions.

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- (i) Tier 1 Capital/Total Assets ratio of 5% or greater;
- (ii) Tier 1 Capital/Risk-Based Assets ratio of 6% or greater; and
- (iii) Total Capital/Risk-Based Assets ratio of 10% or greater.

- (b) Applicants that are not covered by the requirements for financial institutions shown above (in Section 2-9(B)(2)(a)), including credit unions, must meet the following capital requirements:

Total Adjusted Net Worth (as defined by Ginnie Mae) divided by Total Assets must equal a ratio of 6% or greater.

(C) Guidelines for Assets

- (1) Acceptable assets: Assets acceptable to Ginnie Mae in determining adjusted net worth are those of demonstrable economic value and liquidity, which are reported according to GAAP (see [Audit Guide, Chapter 6](#)). Ginnie Mae will not give credit for unaudited earnings. Ginnie Mae will give credit for capital contributions of economic value made between audit statements if verified by the Issuer's independent auditor.

- (2) Unacceptable assets: Assets unacceptable to Ginnie Mae are those assets that are unacceptable to FHA in determining whether a non-supervised lender qualifies as an FHA-approved mortgagee, plus such other assets as Ginnie Mae determines do not meet the above stated criteria for acceptability (see [Audit Guide, Chapter 6](#)

If evidence exists to indicate that affiliate receivables have not been deducted by the independent auditor, Ginnie Mae will deduct the amount of the receivables from the Issuer's adjusted net worth.

Any questions regarding asset acceptability should be directed to Ginnie Mae's Office of Enterprise Risk (see Addresses).

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(D) Net Worth Calculation

The computation of net worth must be performed in accordance with the procedures set forth in the [Audit Guide, Chapter 6](#).

An applicant's adjusted net worth will be calculated by subtracting the total amount of unacceptable assets from the net worth as stated on the audited balance sheet. Excess/ (deficit) net worth is the difference between adjusted net worth and required net worth.

In certain circumstances, and in its sole discretion, Ginnie Mae may accept a corporate guaranty as consideration for reclassifying certain assets that are treated as unacceptable assets under the Audit Guide.

If the balance sheet includes "Other Assets" or the equivalent, a schedule identifying the major components of any such assets, signed by the chief financial officer or chief executive officer of the applicant, must be included. If a schedule is not included, the item will be deducted by Ginnie Mae for purposes of calculating adjusted net worth.

(E) Failure to Comply

If the applicant or its independent auditor fails to respond in a timely and satisfactory manner to additional information requests made by Ginnie Mae, its agents or contractors, within 30 days of notification by Ginnie Mae, then the applicant's access to Application Connection will be deactivated and Ginnie Mae will stop processing the application. If the applicant desires to continue the application process at a later date then it must request new access to Application Connection and must submit all new forms and documents. The new submission will be treated as a new application requiring payment of a new application fee.

2-10: QUALITY CONTROL

An applicant seeking Ginnie Mae Issuer approval must have in place and submit with its application a quality control plan for the origination, underwriting, and servicing of mortgage loans and for secondary marketing.

If the applicant is seeking approval to issue HMBS, the applicant must have in place and submit to Ginnie Mae a quality control plan for the origination, underwriting, servicing and administration of HECMs and Participations related to the HECM loans.

If an applicant for Ginnie Mae Issuer approval intends to contract out the servicing function, the applicant must have in place an Oversight Plan detailing how the applicant will monitor its servicer to ensure compliance is maintained in accordance with Ginnie Mae requirements.

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The applicant also must submit its most recent quality control audit and disclose any actions taken as a result of the findings.

2-11: PRIOR DEFAULTS: APPLICANTS

Ginnie Mae will consider applications from former Issuers who were terminated under the Ginnie Mae MBS Program and from applicants that employ one or more persons who served as a principal or officer of another Issuer at the time that Issuer was terminated under the Ginnie Mae MBS Program. Ginnie Mae, however, reserves the right to decide, in its sole discretion, who may participate in the Ginnie Mae MBS Program and on what terms. Additional requirements imposed on former Issuers may include, but are not limited to, the following:

- (A) An applicant may not reenter the program for three years following its receipt of a letter of extinguishment from Ginnie Mae. Should an applicant be debarred or sanctioned by any government agency or by a government-chartered entity for a period in excess of the period that Ginnie Mae restricts reentry, it may not reenter any Ginnie Mae program until the removal of the other sanctions. If approved to reenter the MBS Program, the applicant must serve a three-year provisional participation (see Section 3-10).
- (B) Prior to receiving approval to participate in the Ginnie Mae MBS Program, an applicant may be required to reimburse Ginnie Mae for any deficiency that existed in the applicant's P&I and escrow custodial accounts at the time of extinguishment, as well as any other loss incurred by Ginnie Mae as a result of the default. If the deficiency or loss results from wrongdoing by the applicant or any principal, officer, employee or agent of the applicant, the applicant must reimburse Ginnie Mae for the deficiency or loss prior to receiving approval to participate in the Ginnie Mae MBS Program.
- (C) A person employed by an applicant who served as a principal or officer of another Issuer at the time that Issuer was terminated under the Ginnie Mae MBS Program may be permitted to reenter the Program in accordance with Section 3-11 of this Guide.

2-12: AFFILIATES

The applicant must provide the name and address of each affiliate engaged in mortgage origination, servicing, or securitization. An "affiliate" of an applicant is defined for these purposes as an entity that can exercise control or significant influence over the management or operating policies of the applicant, either directly or indirectly, through some type of

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common ownership or control, as defined in the Statement of Financial Accounting Standards No. 57 (FAS-57) issued by the Financial Accounting Standards Board. An affiliate that is a Ginnie Mae Issuer is also referred to as a “related Issuer.”

The applicant also must provide the affiliate’s four-digit Ginnie Mae Issuer number if the affiliate is an Issuer in the Ginnie Mae MBS Program.

If approved, the applicant and all affiliated Ginnie Mae Issuers will be required to execute a Cross-Default Agreement (see Appendix I-4). An applicant may seek and be granted an exemption from this requirement with respect to a regulated affiliate if it submits a legal opinion, acceptable to Ginnie Mae, that a Cross-Default Agreement would be prohibited by the affiliated Issuer’s federal regulator.

2-13: ADDITIONAL REQUIREMENTS

At its discretion, Ginnie Mae may require any or all of the following:

- (A) Credit reports on the applicant’s principals and a commercial credit report on the applicant.
- (B) Corporate guaranties in the following circumstances, among others:
 - (1) If the applicant does not have current audited financial statements at the time of application and the applicant is a wholly-owned subsidiary of an institution or holding company with current consolidated audited financial statements that are presented in accordance with GAAP and which are acceptable to Ginnie Mae;
 - (2) If the applicant, although meeting Ginnie Mae’s net worth requirements, has been experiencing financial problems but its parent is financially strong;
 - (3) If the applicant is financially strong but its parent or an affiliate is experiencing financial problems, Ginnie Mae may require the parent company to sign a Corporate Guaranty that it will not remove assets or increase liabilities of the applicant for the benefit of the parent or any of its subsidiaries.
 - (4) If the applicant does not make up at least 40% or more of its parent’s equity and has elected to submit consolidated audited financial statements of its parent company along with

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supplemental reports from the applicant (see [Audit Guide, Chapter 6](#)).

- (5) If the applicant is affiliated with an existing Ginnie Mae Issuer and the Issuer's federal regulator will not permit it to sign a Cross-Default Agreement.

(C) Ginnie Mae will use various corporate credit methodologies, as appropriate according to the institution type of the applicant, to determine an applicant's overall credit profile. Applicants that receive a credit profile below a Single B, or its equivalent, will not be approved at Ginnie Mae's discretion.

2-14: ANTI-DISCRIMINATION POLICIES

All applicants for Ginnie Mae Issuer approval must maintain policies prohibiting discrimination based on race, religion, color, sex, national origin, or age. All Issuers must comply with all rules, regulations, and orders specified below and all related requirements:

- (A) Title VI of the Civil Rights Act of 1964, and related rules, regulations, and orders of general applicability;
- (B) Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on November 20, 1962;
- (C) Title VII of the Civil Rights Act of 1968;
- (D) Title VIII of the Civil Rights Act of 1968, as amended;
- (E) Fair Housing Law of 1968, in accordance with applicable rules and regulations of the Federal Housing Administration;
- (F) The implementing rules and regulations of the Department of Labor (41 CFR Part 60-1) and the Department of Housing and Urban Development (24 CFR Part 130).

This section incorporates by reference section 202 of Executive Order 11246, Equal Employment Opportunity, issued by the President on September 24, 1965, and amended on October 13, 1967. For purposes of Executive Order 11246, this Guide is a Government contract.

2-15: SUBSERVICER ELIGIBILITY REQUIREMENTS

A servicer must be a Ginnie Mae-approved Issuer and meet all Issuer eligibility requirements. However, Ginnie Mae reserves the right to approve or deny an applicant's proposed servicing arrangement. If denied, the application for approval will also be denied, and Ginnie Mae will require the

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2-16: PROBATIONARY PERIOD

applicant to re-apply. See Section 4-3 for a discussion of subservicer responsibilities.

All newly approved Issuers will be subject to a probationary period to begin upon the date of first issuance or acquisition of Ginnie Mae MBS and last a period of one year.

During the probationary period, an Issuer must maintain its DQ2, DQ3 and DQP delinquency statistics at or below the threshold levels described in Section 18-3(C).

During the probationary period, Ginnie Mae will closely monitor the Issuer and its affiliates, for compliance with program requirements, data integrity and quality, the length of time it takes for loans to become insured, the origination match percentage as compared to their peers, and additional risk parameters, as defined by Ginnie Mae.

The Issuer is responsible for submitting remittances and meeting all reporting requirements on time.

A newly approved Issuer will receive a compliance review after six months of program participation and annually for the next two years. All findings from these onsite reviews must be cleared in a timely manner.

All pools issued during the probationary period must be final certified according to Chapter 11 of the Guide; the 19 pool exemption described in Chapter 11 does not apply to pools issued during the Issuer's probationary period.

If, during the probationary period, a newly approved Issuer fails to satisfy these requirements, Ginnie Mae may, in its sole discretion, terminate the participant's Ginnie Mae Issuer status at any time.