

CHAPTER 3. ELIGIBILITY REQUIREMENTS – MAINTAINING GINNIE MAE ISSUER STATUS

PART 1. OVERVIEW OF CHAPTER

Effective Date: 2018-11-08

Once an applicant is approved as a Ginnie Mae Issuer, it must thereafter comply with the applicable Guaranty Agreement and this Guide, and it must advise Ginnie Mae immediately of any default or impending default under the applicable Guaranty Agreement as soon as it becomes apparent. In addition, an Issuer must satisfy the continuing eligibility requirements described in this chapter, which are applicable with respect to all pool types. Additional continuing eligibility requirements, if any, for a Ginnie Mae Issuer of a particular pool type can be found in Chapters 24 through 32 and 35.

If an Issuer fails to satisfy a continuing eligibility requirement, it will be subject to termination of its Ginnie Mae Issuer status or other administrative action by Ginnie Mae as outlined in this Guide.

If at any time an Issuer's participation is inconsistent with Ginnie Mae's MBS Program requirements, Ginnie Mae reserves the right, in its sole discretion, to impose additional standards to ensure that the Issuer's portfolio and portfolio management do not compromise the safety and soundness of the MBS Program.

PART 2. INSURING OR GUARANTY AGENCY APPROVAL

Effective Date: 2022-10-31

An Issuer must remain an FHA approved mortgagee in good standing at all times. Suspension or withdrawal of FHA mortgagee approval constitutes an event of default by the Issuer under the applicable Guaranty Agreement. The Issuer must comply with all FHA mortgagee guidelines.

An Issuer must immediately notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses), of any pending adverse FHA action and/or any FHA Mortgagee Review Board action that affects the Issuer, including, but not limited to, any letter of reprimand, probation, suspension or withdrawal of FHA lender or mortgagee approval, or the imposition of a fine. An Issuer also must disclose to Ginnie Mae immediately if it or any of its principals become the subject of any proceedings for government debarment or HUD program exclusion.

An Issuer must certify through its independent auditor (IA), in accordance with MBS Guide Ch. 3, Part 7, § A(4), that it is in good standing with FHA, and whether it has been the subject of any adverse action as described in this section. If an Issuer is an approved FHA mortgagee and is not in good standing with FHA, the Issuer must state so in accordance with MBS Guide Ch. 3, Part 7, § A(4).

As applicable, an Issuer must also remain a VA, RD, and/or PIH approved lender in good standing at all times. Suspension or withdrawal of VA, RD, or PIH lender approval constitutes an event of default by the Issuer under the applicable Guaranty Agreement. The Issuer must comply with all VA, RD, and PIH (as applicable) lender guidelines.

An Issuer must immediately notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses), of any pending adverse VA, RD, or PIH action and any VA, RD, or PIH action that

affects the Issuer, including, but not limited to, any letter of reprimand, probation, suspension or withdrawal of VA, RD, or PIH lender approval, or the imposition of a fine. An Issuer also must disclose to Ginnie Mae immediately if it or any of its principals become the subject of any proceedings for government debarment or VA, RD, or PIH program exclusion.

An Issuer must certify through its IA, in accordance with MBS Guide Ch. 3, Part 7, § A(4), that it is in good standing with VA, RD, and PIH (as applicable) and whether it has been the subject of any adverse action as described in this section. If an Issuer is an approved VA, RD, or PIH lender and is not in good standing with any one of these agencies, the Issuer must state so in accordance with MBS Guide Ch. 3, Part 7, § A(4).

Failure by an Issuer to provide Ginnie Mae with any notification or disclosure required by MBS Guide, Ch. 3, Part 2 may be determined by Ginnie Mae, in its sole discretion, to be an event of default under the applicable Guaranty Agreement and also may result in administrative action by Ginnie Mae (Please See MBS Guide Chapter 23).

PART 3. FANNIE MAE OR FREDDIE MAC APPROVAL

Effective Date: 2021-07-28

If an Issuer is a Fannie Mae- or Freddie Mac-approved mortgage servicer, termination of its approved status by either agency shall be grounds for termination by Ginnie Mae.

An Issuer that has been in good standing as a Fannie Mae- or Freddie Mac-approved mortgage servicer must immediately notify Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) if it is no longer in good standing with Fannie Mae or Freddie Mac. In addition, if Fannie Mae or Freddie Mac takes any adverse action against the Issuer, including but not limited to a letter of reprimand, termination, or forced transfer of servicing rights, the Issuer must immediately notify Ginnie Mae. Failure to notify Ginnie Mae of an adverse action taken by Fannie Mae or Freddie Mac may be determined by Ginnie Mae, in its sole discretion, to be an event of default under the applicable Guaranty Agreement and may also result in immediate administrative action by Ginnie Mae (*See MBS Guide, Chapter 23*).

An Issuer that has been an approved Fannie Mae or Freddie Mac mortgage servicer must certify to Ginnie Mae annually through its Audit Guide Reports (audit reports), in accordance MBS Guide Ch. 3, Part 7, § A(4), that it continues to be in good standing with Fannie Mae and/or Freddie Mac, and whether it has been the subject of any adverse action as described in this section. If an Issuer is an approved Fannie Mae or Freddie Mac mortgage servicer, and it loses any one of these approvals, it must state so in its audit reports.

PART 4. PRINCIPAL ELEMENT OF BUSINESS

Effective Date: 2018-11-08

The underwriting, origination, and servicing of mortgage loans must continue to be principal elements of the Issuer's business.

PART 5. MANAGEMENT CAPABILITY

Effective Date: 2018-11-08

An Issuer must conduct its business on a continuing basis in accordance with the requirements set forth in MBS Guide, Ch. 2, Part 6.

PART 6. FIDELITY BOND AND ERRORS AND OMISSIONS INSURANCE

Effective Date: 2024-05-13

Section A. Insurance Information

Effective Date: 2024-05-13

Each Issuer must maintain at all times the fidelity bond and mortgagee Errors and Omissions (E&O) insurance, including the minimum coverage amounts described in MBS Guide, Ch. 2, Part 7. In addition:

The Issuer must submit full and valid copies of its fidelity bond and E&O insurance policies and any supporting documentation to the Insurance module of the Ginnie Mae Central application (GMC) within My Ginnie Mae (MGM) (See Appendix VI-20) within 30 days of the effective date of the insurance policy (new or renewal), including required endorsements and any exclusionary endorsements, and/or when any updates or changes are made to the Issuer's policies.. Each Issuer must also provide Ginnie Mae with timely updates to its insurance information within 30 days of any changes.

Issuers that fail to provide such renewals, new policies, or notice of other changes within 30 days as described above may be subject to one or more sanctions listed in MBS Guide, Ch. 5, Part 2, § N.

Section B. Mortgage Impairment Insurance

Effective Date: 2018-11-08

The Issuer must maintain evidence of insurance for each property securing a pooled loan by retaining either the original hazard insurance policies or the information relating to the insurance policies in a form that is accessible to Ginnie Mae. If the Issuer does not maintain the original policies as evidence of insurance it must carry mortgage impairment or mortgage interest insurance. (*Please See MBS Guide Chapter 14, Part 9, § B*)

Section C. Determining Required Coverage

Effective Date: 2018-11-08

For purposes of determining, under MBS Guide, Ch. 2, Part 7, § D, the amount of coverage required under the fidelity bond and the mortgagee errors and omission policy, the Issuer's "total servicing portfolio" will include the remaining principal balance ("RPB") of the Issuer's Ginnie Mae pooled loans plus all other loans for which it has servicing responsibility.

Section D. Cancellation of Coverage

Effective Date: 2024-05-13

If the fidelity bond or mortgagee E&O insurance is canceled or otherwise terminated, the Issuer is required to communicate this change in the Insurance module of GMC (see Appendix VI-20) at least 30 days prior to the cancellation or termination. If mortgage impairment or mortgage interest insurance carried by the Issuer is canceled or otherwise terminated and replacement coverage cannot be obtained, the Issuer must notify Ginnie Mae at least 30 days prior to the cancellation or termination.

Section E. Report of Embezzlement, Fraud, or Claims

Effective Date: 2018-11-08

The Issuer must promptly advise Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) of each case of embezzlement or fraud in its organization involving over \$1,000 and of the total amount of the loss, whether or not the Issuer submits an insurance claim.

PART 7. REQUIRED FINANCIAL STATEMENTS AND DOCUMENTS

Effective Date: 2024-05-13

An Issuer must provide Ginnie Mae with annual, quarterly financial reports, related documents and when requested, monthly financial reports that attest to the ongoing financial soundness of the Issuer's organization. These documents are described below.

Section A. Annual Audited Financial Statement

Effective Date: 2024-05-13

An approved Issuer, independent of whether the Issuer has securities or commitment authority outstanding, must provide Ginnie Mae with a copy of its annual audited financial statements and audit reports, prepared by an IA. The audit reports must be prepared in accordance with the requirements in, and in the format prescribed by, the HUD OIG Consolidated Audit Guide Chapters 1, 2 and 6. Where requirements conflict between the Ginnie Mae MBS Guide and the HUD OIG Audit Guide, the Ginnie Mae MBS Guide governs.

The annual audited financial statements and audit reports must be submitted electronically via the Financial module of GMC within 90 days after the end of the Issuer's fiscal year (see Appendix VI-20). The required information below is to be submitted in GMC.

- (1) The name and telephone number of one or more contact persons on the Issuer's staff who are familiar with the audit.
- (2) The name and address of each affiliate that is an approved Ginnie Mae Issuer ("Affiliate" is defined in MBS Guide, Ch. 2, Part 12). The affiliate's four-digit Ginnie Mae Issuer number must be provided.
- (3) The Issuer's Ginnie Mae Issuer number, employer identification number (EIN), and FHA mortgagee number.
- (4) The IA's EIN.
- (5) The Issuer, through its IA, must certify that it is in good standing with FHA and, if applicable, Fannie Mae and/or Freddie Mac, and whether it has been the subject of any adverse actions as described in MBS Guide, Ch. 2, Parts 3 and 4.
- (6) The following Audit Reports. (See Audit Guide Chapters 1, 2, and 6, except as otherwise permitted under APM 20-14, APM 21-08, APM 22-06, and APM 23-01).
 - (a) internal control structure;
 - (b) compliance with applicable laws and regulations;

- (c) computation of adjusted net worth;
- (d) verification of adequate fidelity bond and mortgagee errors and omissions insurance coverage with proper Ginnie Mae endorsement; and
- (e) corrective action plan, if applicable.

The annual financial statements must include a balance sheet; and statements of operations and cash flows, including notes and supplemental schedules; and must be prepared in accordance with GAAP.

Issuers must notify their Ginnie Mae Account Executive in writing of a change in their fiscal year-end within five (5) business days from its decision to change the fiscal year-end date. Issuers must ensure that there is no period that is not covered under the annual audit submission as a result of any change in their fiscal year-end. If an Issuer is in violation of these requirements, it may be subject to one or more sanctions in accordance with Chapter 5, Part 1 §N of this Guide.

Section B. Monthly and Quarterly Financial Reporting Forms,

Effective Date: 2023-12-05

Quarterly Financial Reporting Form

Each Issuer that is not regulated or supervised 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.

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

For each quarterly MBFRF submission, the Issuer must identify the certifier by name. The Issuer's certifier must be the chief executive officer, chief financial officer or equivalent. Upon Ginnie Mae's request, Issuers must provide a signed letter that states the following:

"I, the undersigned, certify that I am the CEO, CFO or equivalent of [Ginnie Mae Issuer name] and that the information contained in the [Quarter and Year] Mortgage Bankers' Financial Reporting Form is true and accurate to the best of my knowledge and belief, and that the unaudited financial statements were prepared in accordance with GAAP."

The officer completing the certification for any Ginnie Mae Issuer must also be listed on the Issuer's Form HUD 11702, Resolution of Board of Directors and Certificate of Authorized Signatures that is in effect as of the date of the certification.

To obtain access to the Web-based MBFRF (Web MB), please send an e-mail to administrator@mbfrf.org.

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. These dates apply to all non-supervised Issuers regardless of the Issuer's fiscal year. Therefore, non-supervised Issuers whose fiscal year ends on a date other than December 31 must file the reports for the Issuer's most recent quarter on or before the due dates stated above. For example, a non-supervised Issuer with a May 31st fiscal year-end must submit the May 31st statements as 2nd quarter MBFRF data no later than July 31st. The statements must be sent via Web MB (www.mbfrf.org/).

Ginnie Mae may require more frequent, internally prepared, unaudited financial statements if, in Ginnie Mae's sole discretion, more current or more frequent information is required.

Monthly Financial Reporting Form

Beginning April 1, 2024, Issuers that are not regulated or supervised by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), or the U.S. Comptroller of the Currency (OCC) and have outstanding Ginnie Mae guaranteed mortgage-backed securities exceeding \$50 Billion or Issuers so directed by Ginnie Mae in its sole discretion must provide Ginnie Mae with an unaudited abbreviated monthly financial reporting form.

This reporting form must be submitted on a Web-based Monthly Mortgage Bankers Financial Reporting Form (MBFRF) Short Form ("MBFRF Short Form"). For each monthly MBFRF submission, the Issuer must identify the certifier by name.

For each monthly MBFRF Short Form submission, the Issuer must identify the certifier by name. The Issuer's certifier must be the chief executive officer, chief financial officer or equivalent.

Upon Ginnie Mae's request, Issuers must also provide a signed letter that states the following:

"I, the undersigned, certify that I am the CEO, CFO or equivalent of [Ginnie Mae Issuer name] and that the information contained in the [Month, year] Mortgage Bankers' Financial Reporting Form Short Form is true and accurate to the best of my knowledge and belief, and that the unaudited financial summary was prepared in accordance with GAAP."

The officer completing the certification for any Ginnie Mae Issuer must also be listed on the Issuer's Form HUD 11702, Resolution of Board of Directors and Certificate of Authorized Signatures that is in effect as of the date of the certification.

To obtain access to the Web-based MBFRF Short Form (Web MB), please send an e-mail to administrator@mbfrf.org.

Monthly MBFRF Short Forms will be due for the months of January, February, April, May, July, August, October and November by the last day of the following month, beginning for the month of April 2024, which will be due May 31, 2024. The monthly reporting forms must be sent via Web MB (www.mbfrf.org/).

Section C. Filing Date Extension

Effective Date: 2024-05-13

If an extension of the filing date for the submission of the annual audited financial statements and audit reports is necessary, the Issuer must request the extension through the financials module of GMC (See Appendix VI-20), at least 15 days prior to the due date. The requested extension should not exceed 30 days beyond the due date for all Issuers except State Housing Finance Authorities or Agencies (HFAs). For HFA Issuers, the requested extension should not exceed 90 days beyond the due date.

Section D. Failure to Submit Required Statements

Effective Date: 2024-05-13

If an Issuer fails to submit the annual audited financial statement and audit reports in accordance with MBS Guide, Ch. 3, Part 7, § A on or before the due date, Ginnie Mae may impose one or more sanctions detailed in Chapter 5, Part 2 §N for the violation.

An Issuer who fails to provide complete and timely financial statements will be notified in writing of each deficiency and will be required to correct the deficiency within a specified time and be subject to administrative action by Ginnie Mae.

PART 8. FINANCIAL REQUIREMENTS

Effective Date: 2023-09-30

Ginnie Mae requires that Issuers meet financial requirements at all times in order to maintain their Issuer approval. An approved Issuer must maintain adjusted net worth, and meet other financial requirements, including liquidity requirements as provided below. Effective for each Issuer's fiscal year 2020, Manufactured Home, Multifamily and HMBS program Issuers may use AAA rated U.S. government securities marked-to-market, in addition to cash and cash equivalents as defined under FAS 95, to meet the liquidity requirements in accordance with MBS Guide, Ch. 2, Part 9, and as provided below.

Ginnie Mae may consider a written agreement, including but not limited to a corporate guaranty, that allows the financial strength of the corporate parent to be considered when determining whether or not the Issuer is in compliance with Ginnie Mae's financial requirements. Such consideration will be at the sole discretion of and subject to due diligence by Ginnie Mae.

For the purposes of meeting the liquidity requirements, single-family program Issuers must use the eligible liquid assets as defined below in Chapter 3, Part 8, § A(2).

Effective fiscal year 2020, Issuers will not be allowed to include Deferred Tax Assets for the purpose of meeting Ginnie Mae's Net Worth Requirements. Ginnie Mae will assess compliance with these changes, including the exclusion of Deferred Tax Assets as an acceptable asset, upon receipt of the Issuer's audited financial statements for the fiscal year 2020.

Based on the Issuer's financial history, current financial position, market conditions or other relevant factors, as detailed in MBS Guide, Ch. 3, Part 21 of this Guide, Ginnie Mae may, in its sole discretion, impose additional financial or operational requirements on Program participants

Section A. Requirements for Single-family MBS Program

Effective Date: 2023-09-30

(1) Net Worth

For Issuers approved to participate in the single-family program for MBS 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

- (a) \$2,500,000, plus
- (b) 0.35% (35 basis points) of the Issuer's total effective Ginnie Mae single-family outstanding obligations (see definition below), plus
- (c) 0.25% (25 basis points) of the Issuer's total Government Sponsored Enterprise ("GSE" or "Enterprise") single-family outstanding servicing portfolio balance, plus
- (d) 0.25% (25 basis points) of the Issuer's total non-agency single-family outstanding servicing portfolio, at all times.

The total effective Ginnie Mae single-family outstanding obligation is the sum of: a) all single-family Ginnie Mae securities outstanding, b) available commitment authority to issue new single-family pools, and c) total single-family pools funded.

(2) Liquidity

Ginnie Mae requires Issuers to maintain appropriate levels of liquidity to meet and sustain their obligations under the MBS Program.

For the purposes of these requirements, for single-family Issuers only, the liquid assets may be comprised of the following:

- cash, cash equivalents as defined under FAS95,
- AAA rated government securities marked to market, as defined under FAS95,
- GSE MBS marked to market,
- GSE obligations marked to market,
- The following advances made as reflected in total assets reported on the balance sheet:
 - Advances made to cover principal and interest payments,
 - Advances made to cover taxes and insurance payments, and HMBS program applicants
 - Foreclosure advances relating to loans serviced on behalf of mortgagors and investors.

- (a) Single-family Issuers are required to have and maintain liquid assets, as defined above in the MBS Guide Chapter 3, Part 8, § A(2), equal to the greater of \$1,000,000 or the sum of
- (i) 0.10% (10 basis points) of the Issuer’s outstanding Ginnie Mae single- family servicing Unpaid Principal Balance (UPB), plus
 - (ii) 0.035% (3.5 basis points) of the Issuer’s outstanding GSE single-family servicing UPB, if the Issuer remits (or the Enterprise draws) the principal and interest only as actually collected from the borrower, plus.07% (7 basis points) of the Issuer’s outstanding GSE single-family servicing UPB, if the Issuer remits (or the Enterprise draws) the principal or interest, or both, as scheduled, regardless of whether principal or interest has been collected from the borrower, plus
 - (iii) 0.035% (3.5 basis points) of the Issuer’s outstanding non-agency single- family servicing UPB.
- (b) Effective December 31, 2023, single-family Issuers that originated more than \$1,000,000,000 in UPB of any residential first mortgages, regardless of channel (including retail, wholesale correspondent, and wholesale broker) in the most recent four-quarter period must have liquid assets equal to the greater of at least \$1,000,000 or the sum of (i) through (iv) listed immediately above in Chapter 3, Part 8 § A(2)(a), plus
- (iv) 0.5% (50 basis points) of Loans Held For Sale (“HFS”), plus
 - (v) 0.5% (50 basis points) of the applicant’s Unpaid Principal Balance (“UPB”) of Interest Rate Lock Commitments (“IRLCs”) after fallout adjustments. UPB of IRLCs after fallout adjustments is UPB of IRLCs after making adjustments for estimated fallout (i.e., excluding part of the balance because some locks are not expected to close).

Ginnie Mae will analyze the Issuer’s most recent fiscal year-end audited financial statement to determine compliance with this requirement. However, Ginnie Mae may use the Issuer’s unaudited quarterly financial statements to monitor an Issuer’s ongoing liquidity position, and in its sole discretion, impose additional financial and operational requirements when warranted in response to an Issuer’s inadequate liquidity position.

(3) Institution-wide Capital

Institution-wide capital requirements are based on the Issuer’s most recent fiscal year-end audited financial statement.

(a) Issuers that are subject to federal regulation by the Board of Governors of the Federal Reserve System (the Fed), FDIC, OCC, NCUA or to regulation by the Federal Housing Finance Agency or (FHFA) must meet all regulatory capital requirements to be considered at least “well capitalized” or its equivalent. 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, and credit unions. Non-depository mortgage companies are generally not included in this category.

(b) Issuers that are instrumentalities of a US state or territory, including but not limited to State Housing Finance Authorities or Agencies, are not subject to institution-wide capital requirements.

(c) Issuers that are not covered by the requirements for financial institutions shown above (i MBS Guide Chapter 3, Part 8, § A (3) (a) and § A (3) (b)), must meet the following capital requirements: Issuers must maintain a “Leverage Ratio” of at least 6%

For purposes of this section, Leverage Ratio is defined as (i) Total Adjusted Net Worth (as defined by Ginnie Mae) divided by the Issuer’s Total Assets. For purposes of this requirement, 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.

Example: Computation of Leverage Ratio Requirement

Total Adjusted Net Worth	Total Assets	Leverage Ratio	Compliance
\$ 100,000,000	\$ 2,000,000,000	5%	Non-compliant
\$ 100,000,000	\$ 1,000,000,000	10%	Compliant

(d) Ginnie Mae considers many factors in determining whether an Issuer’s preferred equity is to be included or excluded in the Issuer’s financial statements, in whole or in part, for purposes of the Total Adjusted Net Worth computation. These factors include, but are not limited to, the Issuer’s ability to defer or suspend dividend payments to preferred equity holders, whether the preferred equity is cumulative or non-cumulative, the seniority and maturity of the preferred equity at issue, and the Issuer’s ability to convert preferred equity to common equity.

Section B. Requirements for Multifamily MBS Program

Effective Date: 2022-12-31

(1) Net Worth

For Issuers approved to participate in the Multifamily program for MBS backed by multifamily construction or permanent loans, the minimum net worth requirements are:

\$1,000,000 plus one percent (100 basis points) of the total effective Multifamily outstanding obligations in excess of \$25 million up to \$175 million, plus 0.20 % (20 basis points) of the total effective Multifamily outstanding obligations in excess of \$175 million. The total effective Multifamily outstanding obligation is the sum of: 1) all Multifamily securities outstanding, 2) available commitment authority to issue new Multifamily pools, and; 3) unexpended Multifamily construction draws.

Example: Computation of Net Worth Requirement for Multifamily MBS Program

Multi-Family Outstanding Obligation	Minimum Requirement	Additional 100 bps for Outstanding Obligation >25 Million	Additional 20 bps for Outstanding Obligation >175 Million	Total Net Worth Requirement
\$ 20,000,000	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
\$ 50,000,000	\$ 1,000,000	\$ 250,000	\$ -	\$ 1,250,000
\$ 175,000,000	\$ 1,000,000	\$ 1,500,000	\$ -	\$ 2,500,000
\$ 200,000,000	\$ 1,000,000	\$ 1,500,000	\$ 50,000.00	\$ 2,550,000
\$ 1,000,000,000	\$ 1,000,000	\$ 1,500,000	\$ 1,650,000.00	\$ 4,150,000

(2) Liquidity

Ginnie Mae requires Issuers to maintain appropriate levels of liquidity to meet and sustain their obligations under the MBS Program. Multifamily Issuers are required to have and maintain liquid assets equal to at least 20% of their Ginnie Mae required net worth based on the Issuer’s most recent fiscal year-end audited financial statement.

Ginnie Mae will analyze the Issuer’s most recent fiscal year-end audited financial statement to determine compliance with this requirement. However, Ginnie Mae may use the Issuer’s unaudited quarterly financial statements to monitor an Issuer’s ongoing liquidity position, and in its sole discretion, impose additional financial and operational requirements when warranted in response to an Issuer’s inadequate liquidity position.

Example: Computation of Liquidity Requirement for Multifamily MBS Program

Total Net Worth Requirement	Liquidity Requirement Equal to 20% of Net Worth
\$ 1,000,000.00	\$ 200,000.00
\$ 1,250,000.00	\$ 250,000.00
\$ 2,500,000.00	\$ 500,000.00
\$ 2,550,000.00	\$ 510,000.00
\$ 4,150,000.00	\$ 830,000.00

