

CHAPTER 33. GINNIE MAE INITIATIVES — SPECIAL PROVISIONS

PART 1. OVERVIEW OF CHAPTER

Effective Date: 2016-10-01

This chapter describes special provisions that may apply to one or more of the programs covered in MBS Guide, Ch. 24 through 32 and 35 through the implementation of new Ginnie Mae programs or initiatives. This chapter discusses three of those initiatives: the Targeted Lending Initiative, the Representations & Warranties Program and *FHASecure* mortgage pools.

PART 2. TARGETED LENDING INITIATIVE

Effective Date: 2016-10-01

The Targeted Lending Initiative program (TLI) was in effect for securities with an issuance date of September 1, 2016 or earlier, and is now discontinued. Any security with an issuance date of October 1, 2016 or later is ineligible for participation in TLI.

TLI was an incentive program that provided for a reduction in the Ginnie Mae guaranty fee from 1 to 3 basis points (bps) on an eligible pool or loan package, depending on the percentage of loans in the pool or loan package that were secured by properties located in certain eligible communities. The eligible communities were limited to census tracts specified by HUD guidelines.

Ginnie Mae may make available upon request previous versions of MBS Guide, Ch. 33 for a more detailed description on the requirements and benefits of the discontinued TLI Program. The post issuance monitoring activities and Issuer Requirements detailed in MBS Guide, Ch. 33, Part 2 remain in effect for any security that was subject to a discount under the TLI Program prior to October 1, 2016.

PART 3. REPRESENTATIONS & WARRANTIES PROGRAM

The Representations and Warranties (R&W) program permits an Issuer's custodian to certify pools without receipt and review of the security instrument, title policy, and intervening assignments. Certification requirements are depicted in Appendix V-1 of Ginnie Mae's Document Custodian Manual.

Section A. Issuer Eligibility

Effective Date: 2016-10-01

All single family and HMBS Issuers may request approval to participate in the R&W program. In considering whether or not to enter into an R&W agreement with an Issuer, Ginnie Mae evaluates various factors that include, but are not limited to the following:

- (1) Tenure as an Issuer;
- (2) Results of compliance reviews;
- (3) Results of an Issuer's annual audit report(s);
- (4) Status as a supervised institution or affiliate of a supervised institution, if applicable;
- (5) Bond rating of Issuer or affiliated institution, if applicable;

- (6) Matters involving the internal control structure and operations that have been identified by the Issuer's Independent Public Accountant (IPA);
- (7) Results of the Issuer's Independent Public Accountant's test of compliance;
- (8) Adjusted net worth relative to Ginnie Mae's requirement;
- (9) Rate of obtaining insurance relative to peer group; and
- (10) Status with Ginnie Mae, the Government Sponsored Enterprises (GSE's), and federal regulators.

R&W participating Issuers shall also enter into a written agreement with Ginnie Mae, whereby the Issuer makes the following representations and warranty, acknowledging and understanding that Ginnie Mae has relied upon the truth and accuracy of the following representations:

- (1) All records needed for final certification will be obtained in the normal course of business and held by the document custodian;
- (2) Issuer indemnifies and holds Ginnie Mae (and its successors and assigns) harmless against all losses, damages, judgments or legal fees based on, or resulting from, Issuer's failure or alleged failure to obtain the original or a copy of the mortgage, record (if required), intervening assignments or title policies;
- (3) Issuer represents and warrants that it is the recorded owner of the mortgage unless the mortgage has been assigned to MERS. If the mortgage was assigned to Issuer, the assignment to Issuer or MERS validly transfers the mortgage, free and clear of any pledge, lien, encumbrance or security interest;
- (4) Issuer represents and warrants that the mortgages backing the guaranteed securities are federally insured or guaranteed eligible mortgages pursuant to 12 U.S.C. 1721(g)(1) and the Guide;
- (5) Issuer represents and warrants that it maintains and will continue to maintain a document tracking system and an internal auditing department, which may be examined or audited by Ginnie Mae at any time to ensure compliance with mortgage pool requirements;
- (6) Issuer represents and warrants that with the exception of compliance with the requirement that the Issuer provide the document custodian with copies of the mortgage, recorded (if required) intervening assignments and title policies, within twelve months, the Issuer is, and will remain in compliance with all Ginnie Mae requirements and all Federal regulations; and
- (7) Issuer represents and warrants that prior to transferring pools to a non R&W Issuer, Issuer/seller shall direct its custodian to perform a complete final certification of all applicable pools, as described in the Guide.

Issuers interested in the R&W program must submit a written request and narrative, including how they meet the terms of the R&W Agreement, to Ginnie Mae's Office of Issuer & Portfolio Management (*Please See MBS Guide Addresses*).

Section B. Loan and Pool Eligibility

Effective Date: 2016-10-01

R&W applies to all single-family pools, with exception of manufactured housing. HMBS pools are eligible for the Ginnie Mae R & W program.

PART 4. FHASECURE & HOPE FOR HOMEOWNERS (H4H) MORTGAGE POOLS

FHASECURE is the FHA program for loans not previously insured by the FHA that refinance into FHA-insured loans. The HOPE for Homeowners (“H4H”) program enables eligible borrowers to refinance a conventional loan or a government-insured or guaranteed loan.

This section describes special requirements that apply for a pool or loan package of certain *FHASECURE* and all H4H mortgages. These pools have the pool suffix M FS under the Ginnie Mae II MBS program.

Section A. Mortgage Eligibility and Pool Requirements

Effective Date: 2016-10-01

Pooling requirements applicable to Ginnie Mae II multiple issuer pools apply to M FS pools. *FHASECURE* mortgages with the following characteristics are eligible for inclusion only in M FS pools:

- (1) Fixed rate loans originated pursuant to FHA Mortgagee Letter 2008-13 to borrowers that refinanced after having become delinquent.
- (2) Fixed rate refinance loans to borrowers where the borrower takes out a new subordinate lien.

FHASECURE mortgages with these characteristics are not eligible for inclusion in any other Ginnie Mae pool type. However, all other *FHASECURE* mortgages may be pooled into the M FS pool type or other Ginnie Mae I and Ginnie Mae II pool types, subject to Ginnie Mae pooling requirements.

All HOPE For Homeowners mortgages are only eligible to be pooled in the M FS pool type as part of the Ginnie Mae MBS II program, as described in 24 CFR Part 4001.

High Balance Loans that satisfy the pooling requirements applicable to Ginnie Mae II multiple issuer pools may be pooled in M FS pools. In addition, there is no limit on the percentage of the issue date unpaid principal balance of High Balance Loans that may be pooled in the M FS pool type.

Section B. Loan Package Submission

Effective Date: 2016-10-01

M FS loan packages may only be submitted electronically through GinnieNET; paper pools are ineligible for pooling under both the *FHASECURE* and the HOPE for Homeowners initiatives.

PART 5. ECONOMIC STIMULUS ACT OF 2008 – NEW POOL TYPE “JM”

This section describes the special requirements for pools and loan packages transmitted electronically through GinnieNET on these higher balance loans. These pools and loan packages will have the pool type suffix M JM.

Section A. Mortgage Eligibility and Pool Requirements

Effective Date: 2016-10-01

Pooling requirements applicable to Ginnie Mae II multiple issuer pools and loan packages also apply to M JM pools.

- (1) Economic Stimulus Act of 2008 fixed rate loans originated with a note date before October 1, 2008, pursuant to FHA Mortgagee Letter 2008-06 that exceed the loan balance limitations below, are not eligible for inclusion in any other Ginnie Mae pool type except M JM:

Units	Contiguous States, District of Columbia, Puerto Rico	Alaska, Guam, Hawaii, U.S. Virgin Islands
One-Unit	\$362,790	\$544,185
Two-Unit	\$464,449	\$696,673
Three-Unit	\$561,411	\$842,116
Four-Unit	\$697,696	\$1,046,544

- (2) Economic Stimulus Act of 2008 loans originated with a note date on or after October 1, 2008 may be subject to the restrictions identified in MBS Guide, Ch. 9, Part 2, § B.

Section B. Loan Package Submissions through GinnieNET

Effective Date: 2016-10-01

“M JM” pools and loan packages may only be submitted electronically through GinnieNET.