

Ginnie Mae and Independent Mortgage Servicers

October 19, 2015



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The Trend from Banks to Independents

The need to update the MBS program – and the organization as a whole – to address this transformation is the driving force at Ginnie Mae currently.

- The IMB's have been a valuable source of capacity and innovation
- But the landscape that has resulted is much more fragmented and complex – and there are inherent risks in this.....

Ginnie views its issues through two lenses:

- *Operational capability*
- *Financial strength*

Assessing Operational Capability

Recent years: Supplemented the traditional compliance field review with qualitative operational reviews and deep-dive business plan reviews (for “spotlight” issuers).

2015: Implementation of Issuer Operational Performance Profile (IOPP) reporting – allows for data-driven operational comparisons

Next year: Closer attention to specialized roles increasingly prominent in the Ginnie Mae MBS program but not adequately addressed in the MBS Guide:

- Examples: subservicers, data aggregators, service bureaus, pooling agents, limited scope originator/sellers

Areas of scrutiny regarding subservicers...

- What is Ginnie Mae’s overall exposure?
- Are issuers maintaining necessary capability?
- Are all parties capable of managing connections?

Assessing Financial Strength

Ginnie Mae supports the idea of fostering the maximum appropriate degree of harmony among overseers, but the interest/model of the various overseeing entities is critical....

Our view is that broad-based, one-size-fits-all standards, while necessary, should no longer be seen as the primary device for assessing counterparty financial strength.

→ *The methods used to monitor financial health must evolve to keep pace with the increasing sophistication and complexity of the various industry participants.*

Ginnie Mae's Goals for its Issuer Monitoring Program:

1. Increased attention to sources of liquidity for Ginnie Mae issuers
2. Increased analysis of financial and performance trends, and comparisons
3. More frequent and thorough MSR valuations

A photograph of a city skyline at sunset, with a large blue semi-transparent overlay covering the middle and bottom portions of the image. The foreground shows dark blue water with ripples. The background features several tall buildings, some with lights on, and a bright sun low on the horizon. The blue overlay contains the text 'Michael.r.Drayne@hud.gov' in white.

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