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: 2026-11-03

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, Summary of 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 Summary of 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 independent auditor (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 (see, MBS Guide Chapter 23).

PART 3. FANNIE MAE OR FREDDIE MAC APPROVAL

Effective Date: 2026-11-03

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. Adverse action by either Fannie Mae or Freddie Mac, as well as the 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, including immediate extinguishment of the Issuer’s status as provided in the applicable Guaranty Agreement (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, 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

Section A. Insurance Information

Effective Date: 2026-11-03

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 (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.

If an extension of the date for the submission of the renewed insurance policy is necessary, the Issuer must submit the extension request through the insurance module in GMC (see Appendix VI-20), on or before the due date. The requested extension cannot exceed 60 days beyond the due date for all Issuers.

In lieu of submitting fidelity bond and errors and omissions insurance policies, Issuers have the option of submitting a Mortgage Bankers Bond.

Section B. Mortgage Impairment Insurance

Effective Date: 2026-11-03

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. (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 Statements

Effective Date: 2026-11-03

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 prepared by an independent auditor ("IA"). The financial statements must be prepared in accordance with the requirements in, and in the format prescribed by, the HUD Consolidated Audit Guide ("Audit Guide") Chapters 1, 2 and 6. Where requirements conflict between the Ginnie Mae MBS Guide and the Audit Guide, the Ginnie Mae MBS Guide governs.

Within 90 days after the end of the Issuer's fiscal year, the annual audited financial statements must be submitted electronically via the Financials module of GMC within MyGinnieMae (see, Appendix VI-20).

The annual audited 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. The following audit reports and schedules must be included (see, Audit Guide Chapters 1, 2, and 6):

- Internal control structure;
- Compliance with applicable laws and regulations;
- Schedule of Unacceptable Assets and Computation of Adjusted Net Worth (Audit Guide, Chapter 6, Attachments A and B);
- Schedule of Computation of Capital (Audit Guide, Chapter 6, Attachment C);
- Schedule of Computation of Liquid Assets (Audit Guide, Chapter 6, Attachment D);
- Verification of adequate fidelity bond and mortgagee errors and omissions insurance coverage with proper Ginnie Mae endorsement; and
- Corrective action plan, if applicable.

Please note that Attachments A, B, C, and D of Chapter 6 of the Audit Guide will be replaced. Issuers may substitute Attachments A, B, C, and D with the Ginnie Mae Audit Schedules Report found in Appendix VI-20 of the MBS Guide.

Additionally, the information below is to be submitted in GMC as part of the annual audited financial statements submission.

(1) The name, telephone number, and email address of one or more contact person(s) 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; and

(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.

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 sanction in accordance with Chapter 5, Part 1 §N of this Guide.

Section B. Monthly and Quarterly Financial Reporting Forms,

Effective Date: 2026-11-03

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 MB Short Form, 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 for Annual Audited Financial Statements and Audit Reports

Effective Date: 2026-11-03

If an extension of the filing date for the submission of the annual audited financial statements and audit reports is necessary, the Issuer must submit the extension request through the financials module of GMC within MyGinnieMae (see, Appendix VI-20), on or before 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: 2026-11-03

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: 2026-11-03

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. 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).

Issuers may not 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.

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: 2026-11-03

(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
  - 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

(iii) 0.07% (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

(iv) 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 Issuer'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, and other periodic reporting as required by the Guide.

(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) Effective December 31, 2024, Issuers that are not covered by the requirements for financial institutions shown above (MBS Guide Chapter 3, Part 8, § A(3)(a) and § A (3)(b), must meet the following capital requirements:

i. 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 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

ii. Issuers must maintain a Risk-Based Capital Ratio ("RBCR") of at least 6%. RBCR is Adjusted Net Worth ("ANW"), as defined in Chapter 2, Part 9, § D of this Guide, less Excess MSRs, and divided by total Risk-based Assets, as defined below.

$$\text{RBCR} = \frac{\text{ANW} - \text{Excess MSRs}}{\text{Risk Based Assets}}$$

For purposes of the RBCR only, ANW will be modified by subtracting Excess MSRs. Excess MSRs are defined as MSRs in excess of an Issuer's ANW.

Total Risk-based Assets are defined as total assets that are risk weighted according to the following schedule:

Risk Weighting	Asset Type
0%	Cash and Cash Equivalents
0%	Reverse Mortgages Held for Investment (non-true sale)
0%	Ginnie Mae Loans Eligible for Repurchase, if included in total assets
0%	Pre-paid expenses and leases
0%	Items Deducted from Equity to compute ANW
20%	Government Loans and Conforming Loans HFS
50%	Other Loans HFS
250%	Gross MSRs (not to exceed ANW)
100%	All other assets not included above

Gross MSRs are MSRs prior to netting for MSR related liabilities such as

excess servicing spread financing.

Government Loans are mortgages that are insured or guaranteed by the Federal Housing Administration (FHA), the Department of Agriculture under the Rural Development (RD) program, the Department of Veterans Affairs (VA), or guaranteed by the Secretary of Housing and Urban Development under section 184 of the Housing and Community Development Act of 1992 and administered by the Office of Public and Indian Housing (PIH).

RBCR Example.

The following example illustrates the methodology required for computing the ratio. In this example, Equity = ANW.

Asset Type	Asset Amount	Risk Weight	Risk Weighted Assets
Cash and Cash Equivalents	100	0%	0
Government Loans HFS	1,000	20%	200
Conforming Loans HFS	1,500	20%	300
Other Loans HFS	100	50%	50
Gross MSRs	800	250%	1500*
Other Assets	500	100%	500
Total:	4,000		2,550

Total Equity (ANW)600

Excess MSRs 200

Risk Based Capital Ratio = $\frac{\text{ANW - Excess MSRs}}{\text{Risk Weighted Assets}} = \frac{600 - 200}{2{,}550}$

= 15.7%

* Risk weight of 250% applied to the lesser of Total MSRs or ANW

iii. In the event an Issuer has hedged the interest rate risk of their MSRs, Issuers may apply an MSR Value Adjustment, determined in compliance with the calculation described immediately below, and solely for purposes of complying with the RBCR requirement. The MSR Value Adjustment is not applicable to calculating Adjusted Net Worth.

MSR values will be adjusted according to the schedule below, where "Hedging Efficacy" is defined as the proportion of (i) gains (or losses) on derivatives used to hedge MSRs relative to (ii) the Changes in MSR value due to market and model changes, as defined in the MBFRF. Hedging

Efficacy will be computed separately for each of the preceding twelve quarters and the average MSR Value Adjustment of the twelve quarters will be used in determining the MSR Value Adjustment and concomitant adjustments to the RBCR. Issuers may adjust MSR values only for the purpose of calculating an adjusted RBCR. Net worth will not be adjusted for the purpose of this calculation.

Hedging Efficacy										
0%	1% - 19%	20% - 39%	40% - 59%	60% - 79%	80% - 120%	121% - 140%	141% - 160%	161% - 180%	181% - 199%	200% +
				MSR Value Adjustment						
0%	-10%	-20%	-30%	-40%	-50%	-40%	-30%	-20%	-10%	0%

If issuers have not hedged in all of the most recent twelve (12) quarters, Ginnie Mae will use the average of hedging performance where hedging results are available, subject to the following minimum eligibility requirements:

- Issuers must have hedged their MSRs in at least four (4) of the most recent twelve quarters **and**
- Issuers must have hedged their MSRs in at least one (1) of the most recent four (4) quarters

To determine average hedging results, Ginnie Mae will include in the most recent twelve (12) quarters:

- Only those quarters in which the Issuer hedged for quarters prior to and including the quarter ending December 31, 2024, and
- All quarters ending on or after March 31, 2025 whether or not MSRs were hedged in a given quarter. (e.g. quarters with “zero” results) will be included in calculating average hedging results for the twelve (12) quarters.

For illustration purposes, examples of the MSR Value Adjustment calculations are included below. The first reflects a period in which all twelve (12) quarters are prior to the quarter ending March 31, 2025, and those quarters with no results are excluded. The second reflects a twelve (12) quarter period that includes quarters ending in 2025 and after. In this calculation the lack of results for the two (2) 2024 quarters are excluded, while the similarly situated 2025 quarters are included.

Example 1

Quarter Ending	Actual Hedging Efficacy	MSR Value Adjustment
Mar 2022	*	n/a
Jun 2022	*	n/a
Sept 2022	135%	-40%
Dec 2022	*	n/a
Mar 2023	85%	-50%
Jun 2023	*	n/a
Sept 2023	*	n/a
Dec 2023	*	n/a
Mar 2024	*	n/a
Jun 2024	*	n/a
Sept 2024	125%	-40%
Dec 2024	5%	-10%

* indicates no hedging

Average Adjustment: **-35%**
(Four Quarters Only)

Quarter Ending	Actual Hedging Efficacy	MSR Value Adjustment
Mar 2024	*	n/a
Jun 2024	*	n/a
Sept 2024	125%	-40%
Dec 2024	5%	-10%
Mar 2025	47%	-30%
Jun 2025	*	0%
Sept 2025	82%	-50%
Dec 2025	-22%	0%
Mar 2026	173%	-20%
Jun 2026	*	0%
Sept 2026	125%	-40%
Dec 2026	5%	-10%

* indicates no hedging

Average Adjustment: **-20%**
(Ten Quarters Only)

Example 2

The following example illustrates the methodology required for computing the hedging adjusted RBCR. This example is based on the example provided in Chapter 3 Part 8 § A(3)(c), Institution Wide Capital, with the exception that the MSR value adjustment for hedging is applied to the MSR value.

Asset Type	Asset Amount	Risk Weight	Risk Weighted Assets
Cash and Cash Equivalents	100	0%	0
Government Loans HFS	1,000	20%	200
Conforming Loans HFS	1,500	20%	300
Other Loans HFS	100	50%	50
Gross MSRs with 35% Adjustment	800 x (1 - .35) = 520	250%	1300*
Other Assets	500	100%	500
Total:	4,000		2,350

Total Equity (ANW)	600		
Excess MSRs	0		
Risk Based Capital Ratio =	ANW - Excess MSRs / Risk Weighted Assets	=	600 / 2350
		=	25.5%

* Risk weight of 250% applied to the lesser of MSRs (adjusted for hedging) or ANW

Ginnie Mae in its sole discretion may provide capital relief for historical hedging at affiliated entities. However, for quarters ending September 30, 2025 and thereafter, Ginnie Mae will only consider hedging reflected on the financials of the approved Issuer entity for the purpose of capital relief determinations.

For Issuers approved on or after December 31, 2024, Ginnie Mae in its sole discretion may consider hedging results for periods prior to Issuer approval, that meet the minimum requirements above.

(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	Additonal 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

(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 regulatory oversight by a federal prudential regulation by the Fed, FDIC, OCC, NCUA or FHFA or 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 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 (in MBS Guide Chapter 3, Part 8, § B (3) (a) and § B (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 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

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 C. Requirements for Home Equity Conversion Mortgage (HECM) MBS (HMBS) Program

Effective Date: 2026-11-03

(1) Net Worth

For Issuers approved to participate in the HMBS program backed by HECMs, the minimum base net worth requirements are as follows: $5,000,000 ($5 million) plus one percent (100 basis points) of the total effective HMBS outstanding obligations. The total effective HMBS outstanding obligation is the sum of: 1) all HMBS securities outstanding, 2) available commitment authority to issue new HMBS pools, and 3) total HMBS pools funded.

Example: Computation of Net Worth Requirement for HMBS Program

HECM Outstanding Obligation	Minimum Requirement	Additional 100 bps for Outstanding Obligation	Total Requirement (Sum of Minimum Plus Additional 100 Bps
$ 1,000,000,000	$ 5,000,000	$ 10,000,000	$ 15,000,000

(2) Liquidity

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

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
$ 2,800,000.00	$ 560,000.00
$ 12,400,000.00	$ 2,480,000.00

(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 prudential regulation by the Fed, FDIC, OCC, NCUA 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 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.

Issuers that are not covered by the requirements for financial institutions shown above (in MBS Guide Chapter 3, Part 8, § C (3) (a) and § C (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 Total Assets.

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

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.

(c) Exemption for Certain HMBS Issuers. Ginnie Mae may exempt Issuers that participate exclusively in the HMBS program from the requisite capital and leverage ratio requirements in cases where Ginnie Mae, in its sole discretion, determines that, the Issuer's failure to meet the requisite capital amount or leverage ratio test is directly attributable to a demonstrated lack of true sale accounting treatment of the HMBS Program. Ginnie Mae will grant this exemption in writing upon request and after receipt of the Issuer's most recent financial statements.

Section D. Requirements for Manufactured Home (MH) MBS Program

Effective Date: 2024-06-01

(1) Net Worth

For Issuers approved to participate in the MH MBS program backed by FHA- insured Title I MH loans, the minimum base net worth requirements are as follows: $2,500,000 ($2.5 million) plus 2.5% (250 basis points) of the Issuer's total effective MH outstanding obligations. The total effective MH outstanding obligation is the sum of: a) all MH securities outstanding (agency and non-agency), b) available commitment authority to issue new MH pools, and c) total MH pools funded.

Example: Computation of Net Worth Requirement for MH Issuers

Manufactured Home Outstanding Obligation	Minimum Requirement	Additional 250 bps for Outstanding Obligation	Total Requirement (Sum of Minimum Plus Additional 250 bps)
$ 100,000,000	$ 2,500,000	$ 2,500,000	$ 5,000,000

(2) Liquidity

Ginnie Mae requires Issuers to maintain appropriate levels of liquidity to meet and sustain their obligations under the MBS Program. MH Issuers are required to have and maintain liquid assets, equal to the greater of at least $1,000,000, which may be comprised of cash, cash equivalents as defined under FAS95, and AAA rated government securities marked to market, as defined under FAS95 or 50 basis points of the Issuer's total effective MH outstanding obligations.

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

	(a)	(b)	
Total MH Outstanding	**$1 Mil Liquidity Requirement**	**50 bps Total MH Outstanding**	**Liquidity Requirement Greater of (a) or (b)**
$ 10,000,000	$ 1,000,000	$ 50,000	$ 1,000,000
$ 50,000,000	$ 1,000,000	$ 250,000	$ 1,000,000
$ 100,000,000	$ 1,000,000	$ 500,000	$ 1,000,000
$ 250,000,000	$ 1,000,000	$ 1,250,000	$ 1,250,000

(3) Institution-Wide Capital

Beginning December 31, 2024, Issuers will need to comply with the following requirements. 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 the Fed, FDIC, OCC, NCUA 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 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 (in MBS Guide Chapter 3, Part 8, § D (3) (a) and § D (3) (b)), must meet the following capital requirements: Issuers must maintain a "Leverage Ratio" of at least 6% and a Risk Based Capital Ratio (RBCR) 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 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**	**Risk Weighted Assets**	**Leverage Ratio**	**Risk Based Capital Ratio**	**Compliance Leverage Ratio / RBCR**
$ 50,000,000	$ 1,000,000,000	$ 1,200,000,000	5%	4.2%*	N / N
$ 100,000,000	$ 1,000,000,000	$ 1,200,000,000	10%	8.3%*	Y / Y

(d) RBCR is Adjusted Net Worth ("ANW"), as defined in Chapter 2, Part 9, § D of this Guide, less Excess MSRs, and divided by total Risk-based Assets, as defined below.

$$\text{RBCR} = \frac{\text{ANW} - \text{Excess MSRs}}{\text{Risk Based Assets}}$$

For purposes of the RBCR only, ANW will be modified by subtracting Excess MSRs. Excess MSRs are defined as MSRs in excess of an Issuer's ANW.

Total Risk-based Assets are defined as total assets that are risk weighted according to the following schedule:

Risk Weighting	Asset Type
0%	Cash and Cash Equivalents
0%	Reverse Mortgages Held for Investment (non-true sale)
0%	Ginnie Mae Loans Eligible for Repurchase, if included in total assets
0%	Pre-paid expenses and leases
0%	Items Deducted from Equity to compute ANW
20%	Government Loans and Conforming Loans HFS
50%	Other Loans HFS
250%	Gross MSRs (not to exceed ANW)
100%	All other assets not included above

Gross MSRs are MSRs prior to netting for MSR related liabilities such as excess servicing spread financing.

Government Loans are mortgages that are insured or guaranteed by the Federal Housing Administration (FHA), the Department of Agriculture under the Rural Development (RD) program, the Department of Veterans Affairs (VA), or guaranteed by the Secretary of Housing and Urban Development under section 184 of the Housing and Community Development Act of 1992 and administered by the Office of Public and Indian Housing (PIH).

RBCR Example.

The following example illustrates the methodology required for computing the ratio. In this example, Equity = ANW.

Asset Type	Asset Amount	Risk Weight	Risk Weighted Assets
Cash and Cash Equivalents	100	0%	0
Government Loans HFS	1,000	20%	200
Conforming Loans HFS	1,500	20%	300
Other Loans HFS	100	50%	50

Gross MSRs	800	250%	1500*
Other Assets	500	100%	500
Total:	4,000		2,550

Total Equity (ANW) 600

Excess MSRs 200

Risk Based Capital Ratio = $\frac{\text{ANW - Excess MSRs}}{\text{Risk Weighted Assets}} = \frac{600 - 200}{2{,}550}$

= 15.7%

* Risk weight of 250% applied to the lesser of Total MSRs or ANW

(a) 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 E. Requirements for Participation in Multiple MBS and HMBS Programs

Effective Date: 2018-11-08

Issuers approved to participate in more than one program type (Single-family, Multifamily, Manufactured Home, and HMBS) will be required to meet and maintain a minimum adjusted net worth equal to or greater than the sum of the minimum net worth requirements for all program types in which the Issuer is approved to participate.

PART 9. QUALITY CONTROL

Effective Date: 2026-11-03

The Issuer must maintain a quality control plan for underwriting, originating, and servicing mortgage loans and for secondary marketing. An HMBS Issuer must maintain a quality control plan that also accounts for, and monitors, Participations related to HECM loans. The quality control plan must include procedures for monitoring the work of the Issuer's Participation Agents, if any.

If an Issuer intends to contract out the servicing function, the Issuer must have in place an Oversight Plan detailing how the Issuer will monitor the contracted subservicer to ensure that compliance is maintained in accordance with Ginnie Mae requirements. Additionally, the Issuer's subservicer must have in place its own quality control plan for servicing and subservicing for others.

PART 10. PRIOR DEFAULTS: INSTITUTIONS

Effective Date: 2018-11-08

A previously defaulted Issuer who is subsequently reapproved as a new Issuer is required to serve a three-year period of provisional participation (provisional participant). A provisional participant is required to maintain its delinquency statistics DQ2, DQ3, and DQP at or below the threshold levels described in MBS Guide, Ch. 18, Part 3, § C.

A provisional participant is required to maintain pool and loan package administration procedures in accordance with policies stated in this Guide.

Delinquency statistics may not exceed levels set by Ginnie Mae.

A provisional participant will receive compliance reviews after six and twelve months of Program participation and annually for the next two years. Each review, other than the review in the third year, will be performed at the Issuer's expense, which will not exceed $12,000 for each review.

If a provisional participant fails to satisfy these requirements, Ginnie Mae, in its sole discretion, may terminate the provisional participant's Ginnie Mae Issuer status.

PART 11. PRIOR DEFAULTS: PRINCIPALS AND OFFICERS

Effective Date: 2018-11-08

A principal or officer of a previously defaulted or extinguished Issuer may appear on a new application for Issuer approval from the defaulted Issuer or from a different entity. If the applicant is granted Issuer status, the Issuer will be a provisional participant as described in MBS Guide, Ch. 3, Part 10. In addition, the following restrictions will apply with respect to such a principal or officer of the Issuer.

(1) A principal or officer who held primary responsibility for the management of the defaulted Issuer may not represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer for three years following the date of the letter of extinguishment sent to the defaulted Issuer. Ginnie Mae considers the Chairman, Chief Executive Officer, Chief Operating Officer, President, any senior or executive vice president, and any vice president of servicing, origination, or secondary marketing, to have primary responsibility for management of an Issuer. Ginnie Mae may include the principal owners or additional officers of the Issuer in this category.

    Should a principal or officer be debarred or sanctioned by any government agency or government-sponsored entity for a period in excess of the period that Ginnie Mae restricts reentry, he or she may not represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer until the removal of these sanctions.

(2) A principal or officer engaged in management of the previously defaulted Issuer, but not specifically identified in paragraph (1), is not permitted to represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer for two years following the date of the letter of extinguishment sent to the defaulted Issuer. Should a principal or officer be debarred or sanctioned by any government agency or by a government-sponsored entity for a period in excess of the period that Ginnie Mae restricts reentry, he or she may not

represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer until the removal of these sanctions.

(3) Each person not identified in paragraphs (1) or (2) above who was authorized on the Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2), to act for the defaulted Issuer is not permitted to represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer for a period of one year following the date of the letter of extinguishment sent to the defaulted Issuer. Should the person be debarred or sanctioned by any government agency or by a government-sponsored entity for a period in excess of the period that Ginnie Mae restricts reentry, he or she may not represent a Ginnie Mae Issuer or work on any Ginnie Mae MBS matter for any Issuer until the removal of these sanctions.

(4) Other officers and technical and administrative employees, who had no management responsibilities for the defaulted Issuer, may work for Issuers without being subject to the restrictions above.

PART 12. AUTHORIZED SIGNATORIES; CHANGE OF OFFICERS

Effective Date: 2022-10-31

Every Issuer is required to certify annually, by December 31 at 11:59PM Eastern, that the existing Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD-11702 (Appendix I-2), which names the individuals who are authorized to sign documents on behalf of the Issuer, is still current and accurate, or to replace that form HUD-11702 with an up-to-date and accurate form HUD-11702. The certification must be performed electronically via the Master Agreements Management System (MAMS) in GMEP.

If no changes have occurred in the information in the Resolution of Board of Directors and Certificate of Authorized Signatures currently on file in MAMS, then the Issuer needs only to certify the existing form in MAMS.

If the form HUD-11702 on file in MAMS is out of date or incorrect, then the Issuer must file a new or additional form HUD-11702 following the procedures in MBS Guide, Ch. 7, Part 4, § A(3) for submission of the form.

If the change involves an additional or new signatory for the Issuer, then the Issuer must file a new form HUD-11702 authorizing the additional signatory and providing that individual's name, title and signature. The Issuer must provide the information in MAMS, print the new form, have it signed and completed, apply the corporate seal, scan the signed and executed form into MAMS, and then mail the signed original form HUD-11702 to the PPA. The new form would supplement the existing form HUD-11702 currently on file.

If the change involves the withdrawal of an existing signatory from the form HUD-11702 because that person has left the Issuer's employment or for other reasons, then the Issuer may simply line through that individual's name and signature on the form HUD-11702 that is on file with MAMS and certify the form.

The Issuer must notify Ginnie Mae within five (5) business days after any change to the Issuer's authorized signatories, including the addition or withdrawal of any authorized signatories or other changes.

PART 13. CHANGES IN ISSUER BUSINESS STATUS

Effective Date: 2018-11-08

Requirements for an Issuer undergoing certain types of changes in business status are set forth below. The timeframes specified must occur prior to the proposed effective date of the change, except when post-transaction documentation is required. Issuers must meet the timeframes specified in order to allow Ginnie Mae sufficient time to review the transaction and update its records.

In connection with any change described in this section, the Issuer, following initial notice to Ginnie Mae, must apprise Ginnie Mae from time to time of the status of the proposed change and its implementation.

Ginnie Mae, at its discretion, may request additional statements and documents to confirm that any change with respect to the Issuer's business status does not materially adversely affect Ginnie Mae or the ability of the Issuer to carry out its obligations under the Ginnie Mae Program. Upon request, Issuers are required to submit statements or documents within five (5) business days of Ginnie Mae's request, unless otherwise directed by Ginnie Mae personnel. Ginnie Mae retains the authority to approve or deny the Issuer's continued participation in the Ginnie Mae Program.

Each Issuer must submit written notice to Ginnie Mae in advance of any anticipated changes in its business, not otherwise addressed below, that may materially or adversely affect the Issuer's business or financial condition.

Section A. Changes in Relationship with Agencies

Effective Date: 2018-11-08

The Issuer must notify Ginnie Mae in writing within five (5) business days of any material adverse change in its business relationship with Fannie Mae, Freddie Mac, FHA, VA, RD, PIH, or any other supervisory or regulatory government agency including, but not limited to, banking agencies, the FDIC, the CFPB, and state licensing or regulatory agencies.

Material adverse changes include, but are not limited to, terminations, defaults, suspensions, cease and desist orders, fines, and other administrative or disciplinary actions taken against the Issuer.

Section B. Mergers

Effective Date: 2026-11-03

In a merger in which a Ginnie Mae Issuer will be the surviving entity (or alternatively, where two Ginnie Mae Issuers are merging), the Issuer must submit written notice regarding the merger to Ginnie Mae at least sixty (60) days prior to the desired effective date of the merger. Ginnie Mae

will review the transaction to determine, in its sole discretion, whether to approve or deny the surviving Issuer's continued participation in the Program.

The written notice must include the rationale and effective date of the merger, any anticipated changes to the financial position of the surviving entity, the proposed management team of the surviving entity, which Issuer number should be deactivated (if applicable), a corporate guaranty (Appendix I-8) or cross default agreement (Appendix I-4) if required, and a confirmation that following the merger the Issuer will continue to meet all Ginnie Mae requirements.

In addition, within thirty (30) business days after the effective date of the merger the Issuer must submit the following documents for Ginnie Mae review:

(1) Updated fidelity bond and mortgagee E&O certificates of insurance along with required endorsements and any exclusionary endorsements, and a copy of the full fidelity bond and E&O insurance policy. (see, MBS Guide Chapter 2, Part 7)

(2) A new Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD-11702 (Appendix I-2) reflecting the name of the surviving (merged) entity and all directors, officers and key employees. Resumes for new officers, directors or key employees also must be provided.

(3) A Cross-Default Agreement (Appendix I-4) executed by each affiliated Issuer pursuant to 24 C.F.R. § 320.3(g).

(4) A certificate of merger from the Secretary of State of the jurisdiction in which the merger occurs or other evidence that the state acknowledges or approves the merger; or, if the Issuer is a financial institution regulated by a federal agency, a certificate of merger from the federal agency or other evidence that the federal agency acknowledges or approves the merger.

(5) Certification from the Issuer that upon completion of the merger the entity will continue to meet all Ginnie Mae Program requirements.

In a merger where the anticipated surviving entity is not currently approved as a Ginnie Mae Issuer, the Issuer must submit written notice regarding the merger or acquisition to Ginnie Mae at least ninety (90) days prior to the desired effective date of the merger.

If the surviving entity wishes to become a Ginnie Mae Issuer it must apply to Ginnie Mae for MBS Issuer approval in accordance with MBS Guide, Ch. 2 and 7. The surviving entity must pay the application fee and submit its application package to become a Ginnie Mae Issuer at least ninety (90) days prior to the effective date of the proposed merger.

If the surviving entity does not wish to become a Ginnie Mae Issuer, then the Issuer must submit written notice to Ginnie Mae at least ninety (90) days prior to the effective date of the proposed merger, in order to ensure that there will be adequate time for the Issuer to transfer its Ginnie Mae portfolio to another Ginnie Mae Issuer prior to the merger. (see MBS Guide Chapter 21, Part 8 for more details on Transfers of Issuer Responsibility) At no time may an entity not approved as a Ginnie Mae Issuer hold and service or subservice any Ginnie Mae pool or loan package.

Section C. Change of Principal Owners or Control of Issuer

Effective Date: 2026-11-03

When a Ginnie Mae Issuer anticipates a change in principal ownership or control, the Issuer must submit written notice regarding the anticipated change to Ginnie Mae at least thirty (30) days prior to the desired effective date. Ginnie Mae will review the transaction to determine, in its sole discretion, whether to approve or deny the Issuer's continued participation in the Program. Ginnie Mae defines the terms "principal owner" and "control" according to the Statement of Financial Accounting Standard No. 57 (FAS-57) issued by the Financial Accounting Standards Board. An Issuer may consult its independent auditor for further guidance on the subject.

The written notice regarding the change in principal ownership or control should include any anticipated change(s) to the financial position of the Issuer, the timing of the transaction, as well as confirm that following the change in ownership or control that the Issuer will continue to meet all Ginnie Mae requirements.

In addition, within thirty (30) business days after the completion of any change in principal owners or control of a Ginnie Mae Issuer, the Issuer must submit the following documents to Ginnie Mae for review:

(1) Updated fidelity bond and mortgagee E&O insurance along with required endorsements and any exclusionary endorsements, and a copy of the full fidelity bond and E&O insurance policy. (see, MBS Guide Chapter 2, Part 7)

(2) Identification of new officers, directors or key employees on a Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2); resumes for new officers, directors or key employees also must be provided.

(3) A Cross-Default Agreement (Appendix I-4) executed by each affiliated Issuer pursuant to 24 C.F.R. § 320.3(g).

(4) Certification from the Issuer that upon completion of the change of control the entity will continue to meet all Ginnie Mae Program requirements.

Section D. Transfer of Assets

Effective Date: 2026-11-03

When a Ginnie Mae Issuer plans to transfer assets, other than mortgage servicing rights (MSRs), the Issuer must submit written notice regarding the proposed change to Ginnie Mae at least thirty (30) days prior to the desired effective date. Ginnie Mae will review the transaction to determine, in its sole discretion, whether to approve or deny the Issuer's continued participation in the Program. Ginnie Mae considers a transfer of assets to be any transfer of a principal element of the Issuer's business assets, related to the origination, underwriting, or servicing of mortgage loans without the transfer of accompanying liabilities. A transfer of Issuer responsibility for Ginnie Mae MSRs is not applicable to this section and is covered in MBS Guide, Ch. 21.

The written notice regarding any transfer of assets should include a description of the assets being sold and those being retained, timing of the transaction, and the Issuer's long term business plan for participation in the Ginnie Mae program (including volume projections and continuity of operations).

Section E. Change in Ownership or Control of Guarantor

Effective Date: 2018-11-08

Requirements for an entity (a guarantor) that has issued a guaranty pursuant to MBS Guide, Ch. 2 and is undergoing certain types of change in business status are set forth below. When a Ginnie Mae Issuer anticipates that there will be a change in the principal ownership or control of a guarantor the Issuer must submit written notice regarding the proposed change to Ginnie Mae at least thirty (30) days prior to the desired effective date. Ginnie Mae defines the terms "principal owner" and "control" according to the Statement of Financial Accounting Standard No. 57 (FAS-57) issued by the Financial Accounting Standards Board. An Issuer may consult its independent auditor for further guidance on the subject.

The written notice must include any anticipated change to the financial position of the Issuer's guarantor, anticipated change to the Issuer's management team, and any other known specifics about the transaction.

If the original guarantor will not be a surviving entity, then the notice must include a written affirmation by the surviving entity that it accepts responsibility for the guarantor's guaranty obligation to Ginnie Mae.

Each guarantor must submit notice to Ginnie Mae in writing in advance of any anticipated change in its business, not otherwise addressed in this section that may materially or adversely affect the guarantor's business or financial condition.

PART 14. CHANGE IN NAME

Effective Date: 2021-07-28

To effect a change in name only on Ginnie Mae's records, the Issuer must furnish a copy of the amendment to the Issuer's Articles of Incorporation (or other appropriate governing document) approved by the appropriate Secretary of State or equivalent official, a new original Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD- 11702 (Appendix I-2) (follow the procedures for submission of a new form HUD-11702 on MAMS), and updated certificates of insurance for fidelity bond and mortgagee, E&O insurance along with required endorsements and any exclusionary endorsements, and a copy of the full fidelity bond and E&O insurance policy, all indicating the new name. This information must be sent to Ginnie Mae's Office of Issuer & Portfolio Management (see, Addresses) within 10 business days after the effective date of the name change.

PART 15. ADDRESS CHANGE

Effective Date: 2018-11-08

The Issuer must notify Ginnie Mae's Office of Issuer & Portfolio Management (see, Addresses) in writing within five (5) business days of any change in the Issuer's location, mailing address, or telephone number.

PART 16. DELINQUENCY RATES

Effective Date: 2018-11-08

In order to remain eligible to participate in the Ginnie Mae MBS Program and receive additional commitment authority, an Issuer must maintain sound mortgage servicing practices, without excessive delinquency rates, for pools and loan packages outstanding. Requests for new commitment authority or the right to purchase additional Ginnie Mae Issuer responsibility or subservicing will be limited or denied, in Ginnie Mae's sole discretion, if the rates of delinquencies in the Issuer's Ginnie Mae portfolio reach the threshold level for any delinquency indicator described in MBS Guide, Ch. 18, Part 3, § C. Data used to measure delinquency rates are derived from the RFS Issuer Monthly Report of Pool and Loan Data (Appendix VI-19). Delinquency reporting, as described in MBS Guide, Ch. 18, Part 3, § C, does not apply to HMBS reporting.

PART 17. SERVICING PERFORMANCE

Effective Date: 2018-11-08

For each loan for which an Issuer is the Issuer of record in the MBS Program, the Issuer must at all times service or manage and oversee the subservicing of pooled mortgages and Participations and administer the related securities in accordance with the requirements of the applicable Guaranty Agreement and this Guide.

PART 18. ADDITIONAL REQUIREMENTS

Effective Date: 2019-09-01

Section A. Discretionary Reports and Agreements

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

(1) Credit reports on the Issuer's principals and a commercial credit report on the Issuer.

(2) Corporate guaranties in the following circumstances, among others:

(a) If the Issuer, although meeting Ginnie Mae's net worth requirements, has been experiencing financial problems but its parent is financially strong.

(b) If the Issuer 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 not to remove assets or increase liabilities of the Issuer for the benefit of the parent or an affiliate.

(c) If the Issuer does not make up at least 40% or more of its parent's equity and has elected to submit consolidated audited financial statements for its parent company along with supplemental reports from the Issuer. (see, Audit Guide Chapter 6).

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

(3) Evidence of continued compliance with Ginnie Mae's requirements, as indicated in MBS Guide, Ch. 2, Part 2.

Section B. Mandatory Rating Requirements for Certain Issuers

(1) Definitions: For the purposes of this Section B. the term "Ginnie Mae Single-Family Servicing Portfolio Amount" is defined as the sum of the unpaid principal balance of an Issuer's outstanding Ginnie Mae Single-Family MBS and HMBS for which it is the Issuer of Record in addition to the sum of the unpaid principal balance of any outstanding MBS and HMBS that the Issuer is subservicing on behalf of another approved Ginnie Mae Issuer.

(2) Primary Servicer Rating Requirements:

(a) Requirement Threshold. Issuers with a "Ginnie Mae Single-Family Servicing Portfolio Amount" that exceeds $25,000,000,000 ($25 billion) will be required to obtain an external primary servicer rating.

(b) Subservicer Ratings. Any Issuer that has a Ginnie Mae Single-Family Servicing Portfolio Amount that exceeds $25,000,000,000 ($25 billion) may request an exemption from the primary servicer rating requirement if it has delegated servicing responsibilities to another Ginnie Mae Issuer that has already obtained and submitted a primary servicer rating. Issuers must submit such requests in writing to their assigned Account Executive. Ginnie Mae may, in its sole discretion, determine whether the exemption should be granted based on a variety of factors, including but not limited to, the percent of the Issuer's portfolio that is being or has been subserviced as well as the overall financial and operational strength of the subservicer as indicated by Ginnie Mae's compliance reviews, monitoring and enforcement actions, or findings delineated in a primary servicer rating report.

(c) Required Rating Agency Approval. Ginnie Mae must approve in writing the organization providing the external primary servicer rating(s) required by this section. Issuers may submit a request for Ginnie Mae's approval of an organization via email to their assigned Ginnie Mae Account Executive.

(3) Issuer Credit Rating Requirements:

(a) Single Credit Rating Requirement Threshold. In addition to the primary servicer rating outlined above, Issuers with a "Ginnie Mae Single-Family Servicing Portfolio" that exceeds $50,000,000,000 ($50 billion) will be required to obtain an Issuer credit rating from a "Nationally Recognized Statistical Rating Organization" as defined by Section 78c(a) of Title 15 of the United States Code (15 U.S.C. 78c(a)).

(b) Multiple Credit Ratings Requirement Threshold. Issuers with a Ginnie Mae Single-Family Servicing Portfolio that exceeds $75,000,000,000 ($75 billion) will be required to obtain an external primary servicer rating and Issuer credit ratings from two different (i.e. unaffiliated) Nationally Recognized Statistical Rating Organizations.

(c) Exemption from Issuer Credit Ratings for Certain Subservicers. An Issuer with a Ginnie Mae Single-Family Servicing Portfolio that exceeds $50,000,000,000 ($50

billion) is exempt from the Issuer Credit Rating Requirements in Subsections 3(a) and 3(b) above if:

(i) the Issuer is an approved Subservicer for one or more Ginnie Mae Issuers; and

(ii) the sum of the unpaid principal balance of the Issuer's outstanding Ginnie Mae Single-Family MBS and HMBS for which it is the Issuer of Record is less than $25,000,000,000 ($25 billion).

(d) Minimum Rating. Issuers that are subject to these credit rating requirements must receive a minimum rating of a B, or its equivalent. Any Issuer that obtains a credit rating below a B, or its equivalent, will be subject to additional financial and/or operational requirements to maintain its approved Issuer status.

(e) Effective Date. The rating requirements covered here are effective on September 1, 2020, and thereafter.

(f) Timeline for Submission of Ratings.

(i) Any Issuer subject to the primary servicer rating or Issuer credit ratings requirements outlined herein must submit the applicable rating report to its assigned Ginnie Mae Account Executive within 10 business days from the date reflected on the report.

(ii) Any Issuer that has satisfied the primary servicer or Issuer credit rating(s) requirements in accordance with this Subsection (3), is not required to obtain or submit subsequent primary servicer or Issuer credit ratings, unless Ginnie Mae requests such new ratings in writing.

(iii) Ginnie Mae reserves the right to request new primary servicer or Issuer credit ratings at any time once an Issuer exceeds the Ginnie Mae Single-Family Servicing Portfolio thresholds outlined in this Subsection 5 ($25, $50 and $75 billion), except that, Ginnie Mae shall not require more than one primary servicer rating or more than two Issuer credit ratings within an 18-month period, beginning on the date that Ginnie Mae receives the primary servicer rating or Issuer credit rating report, as applicable.

Section C. Cybersecurity

Effective Date: 2026-11-03

Issuers must notify Ginnie Mae within 48 hours of detection, that a Significant Cybersecurity Incident may have occurred. Issuers who subservice for others are also required to notify Ginnie Mae when a Significant Cybersecurity Incident affects one or more of their subservicing clients. Significant Cybersecurity Incident is defined in the MBS Glossary as:

> A Significant Cybersecurity Incident (Cyber Incident), is an event that actually or potentially jeopardizes, without lawful authority, the confidentiality, integrity, or availability of information or an information system; or constitutes a violation or imminent threat of violation of security policies, security procedures, or acceptable use policies and has the

potential to directly or indirectly impact the Issuer's ability to meet its obligations under the terms of the Guaranty Agreement.

The notification must be emailed to Ginnie_Mae_Cybersecurity_Incident@hud.gov and contain the following information:

- Date and time of the Cyber Incident
- A summary of the incident based on what is known at the time of notification,
- Designated point(s) of contact who will be responsible for coordinating any follow-up activities on behalf of the notifying party.

Once the notification is received, representatives from Ginnie Mae will contact the designated point of contact to obtain additional information and establish the appropriate level of engagement needed depending on the scope and nature of the incident.

Section D. Mandatory Recovery Planning Requirements for Certain Issuers
Effective Date: 2026-02-26

Ginnie Mae requires Issuers that are not subject to federal regulation by the agencies listed above in Chapter 3, Part 8 §A(3)(a) and have Ginnie Mae MBS portfolios that equal or exceed $50,000,000,000 in unpaid principal balance at the end of the calendar year to submit Issuer recovery plans to Ginnie Mae every two years. Recovery plans are to be emailed to GNMARecPln@hud.gov. These plans will describe the covered Issuer's corporate structure, information systems, and contingency plans for if/when the covered Issuer experiences financial distress or extinguishment from the MBS program. Full guidance for the content and other important details of the recovery plans can be found in Appendix VI-23 to this Guide. Recovery plans are due no later than June 30th of the following calendar year. For example, if a covered Issuer's portfolio exceeds the threshold at the end of calendar year 2024, their recovery plan will be due June 30, 2025.

Ginnie Mae will evaluate the recovery plans submitted by covered Issuers. If Ginnie Mae determines that a requirement has not been adequately addressed, Ginnie Mae reserves the right, in its sole discretion, to request additional information or documentation. Once Ginnie Mae approves the recovery plan it will notify the covered Issuer of the approval.

Every two years, covered Issuers are required to update and resubmit their recovery plans or attest that the most recently approved recovery plan remains current. These submissions are due no later than June 30th after the calendar year ends. Notwithstanding this requirement, if a covered Issuer updates or makes changes to its plan following approval, but before the next required update or certification, covered Issuers must submit updated versions of the recovery

plans, with all changes highlighted, no later than 60 days after making those material updates or changes.

Ginnie Mae reserves the right, in its sole and absolute discretion, to modify the required information or documentation to be submitted by covered Issuers that are subject to the mandatory recovery planning requirements.

PART 19. ANTI-DISCRIMINATION POLICIES

Effective Date: 2018-11-08

Issuers must maintain at all times policies prohibiting discrimination based on race, religion, color, sex, national origin, or age. Issuers must comply with all rules, regulations, and orders specified in MBS Guide, Ch. 2, Part 14 and all related requirements.

PART 20. SUBCONTRACT SERVICER ELIGIBILITY REQUIREMENTS

Effective Date: 2026-11-03

A subservicer must be a Ginnie Mae-approved Issuer and continue to meet all Issuer eligibility requirements. (see, MBS Guide, Ch. 4, Part 3 for a discussion of subservicer responsibilities and MBS Guide, Ch. 21, Part 7 for a discussion of transfers of subservicer responsibility)

PART 21. DEMONSTRATED PARTICIPATION REQUIREMENT

Section A. Required Participation

Effective Date: 2026-11-03

(1) Maintaining Ginnie Mae MBS Issuer approval is contingent upon the Issuer demonstrating active participation in each of the specific Ginnie Mae program type(s) for which the Issuer has been approved (i.e., Single-family, Multifamily, Manufactured housing, or HMBS). Prior to September 1, 2020, an Issuer demonstrates participation in the program type by performing a qualified activity within the preceding 18 months. Effective September 1, 2020, and thereafter, Issuers must demonstrate participation in the program type by performing at least one qualified activity within the preceding 12 months. For purposes of this requirement, a qualified activity includes:

(a) Issuing Ginnie Mae securities, including participation in Pool Issuance and Immediate Transfer (“PIIT”) activities (as long as Issuer also has non PIIT issuance in portfolio);

(b) Being the Issuer of record for active Ginnie Mae securities (i.e., having securities outstanding); or

(c) Acting as a sub-servicer of loans pooled with Ginnie Mae.

(2) Issuers serving as a Participation Agent for Ginnie Mae HMBS securities reporting are automatically exempt from the demonstrated participation requirement.

(3) The request for, approval of, or maintaining a balance of outstanding commitment authority does not demonstrate the Issuer’s active participation in a Ginnie Mae Program.

(4) If an Issuer fails to meet the criteria for Demonstrated Participation, it may request: (1) an extension of time to meet the Demonstrated Participation Requirement, which Ginnie Mae can, in its sole discretion, grant; or (2) voluntarily request program withdrawal under MBS Guide, Ch. 3, Part 22, § A. If the Issuer has not requested an extension, or has not requested a voluntary withdrawal from the Program, Ginnie Mae, at its sole discretion, may withdraw the Issuer's Program approval (involuntary withdrawal) under MBS Guide, Ch. 3, Part 22, § B.

Section B. Required Compliance with Program Risk Parameters
Effective Date: 2026-11-03

(1) Approved Issuers must demonstrate that their ongoing participation meets acceptable risk parameters. Acceptable risk parameters, which are in part dependent on market conditions and may be amended from time to time, include, but are not limited to, the following:

(a) Rates of loan delinquency that do not pose a risk to an Issuer's responsibility to advance P&I payments to security-holders. (see, MBS Guide Chapter 18, Part 3, § C for the specific delinquency thresholds)

(b) A business model that provides for ongoing investment in servicing capability, both in terms of technology and staff expertise, and the addition of newly-created or acquired MSRs to the serviced portfolio.

(c) Diverse portfolio composition, so that an Issuer's risks are spread across a broad range of loan type, geographic or other portfolio characteristics.

(d) Origination and servicing practices that ensure that the performance of an Issuer's securities is in line with that of similarly constituted securities for the Ginnie Mae portfolio as a whole.

(e) Adequate financial position determined by factors including the Issuer's financial history, the Issuer's current financial standing, and corporate family or affiliate matters. In instances where an approved Issuer is reliant on support from a corporate parent to maintain its compliance with Ginnie Mae requirements, the corporate parent's financial standing should be such that it could meet the financial requirements of being a Ginnie Mae Issuer.

(2) Below is a list of situations that may present undue additional risk and therefore be considered outside of acceptable risk parameters and in violation of Ginnie Mae's MBS Program, which may, in Ginnie Mae's sole discretion, lead Ginnie Mae to impose additional financial and operational requirements on an Issuer or remove the Issuer from its Program:

(a) Rates of delinquency that are above the thresholds published in MBS Guide, Ch. 18, Part 3, § C or that otherwise pose a risk to an Issuer's responsibility to advance P&I payments to security-holders;

(b) "Run-off" portfolios, or business models that involve the recurring sale of substantially all the servicing created by issuance;

(c) Heavily-concentrated portfolios;

(d) Recurring issuance of multi-issuer program packages that exhibit prepayment activity that is substantially different from that of comparable packages; and

(e) Bankruptcy filing of a parent or affiliate, and trends that indicate financial distress, including but not limited to a pattern of net losses, a history of compliance breaches relating to financial or delinquency ratio requirements, declining or volatile liquid asset resources, declining adjusted net worth, excessive dividends or distributions from the Issuer, related party financial issues, or secured debt to gross tangible asset ratios greater than sixty percent (60%). For purposes of computing secured debt to gross tangible assets, both the numerator and the denominator should deduct the total amount of Warehouse Lines of Credit as identified in Schedule K of the MBFRF. Similarly, for purposes of computing secured debt to gross tangible assets, both the numerator and the denominator should deduct any amounts in line entries identified as "Loans Subject to Repurchase from Ginnie Mae" or its equivalent.

(3) As detailed above, Ginnie Mae considers certain market conditions as relevant factors when imposing additional financial requirements. The market conditions considered by Ginnie Mae include but are not limited to:

(a) home price index declines;

(b) benchmark interest rate changes;

(c) economic recessions;

(d) regulation or legislation;

(e) unemployment rate;

(f) restricted or non-existent business-to-business credit environment (e.g. warehouse lines); and

(g) additional conditions that may be relevant to the Multifamily market include increasing capitalization rates, rising vacancy rates, declining effective rental rates, legislation or regulation changes affecting government housing subsidy programs (e.g. U.S. tax laws or state subsidy programs).

(4) In order to remain eligible to participate in the Ginnie Mae MBS Program and receive additional commitment authority, Issuers are required to remain inside of the acceptable risk parameters. Issuers that do not meet the acceptable risk parameters established by Ginnie Mae in this Guide are out of compliance with Ginnie Mae's requirement and will require Ginnie Mae to impose additional financial requirements or impose greater restrictions on the Issuer's participation, if at all, in the Program. Such restrictions, can

include, but are not limited to, requiring that an Issuer's high-risk portfolio be recalibrated to fall within the acceptable risk parameters; requiring portfolio diversification or placing a restriction on an Issuer's participation in the PIIT program and multiple issuer pools.

Section C. Minimum Portfolio Servicing Spread Requirements

Effective Date: 2018-11-08

(1) Definitions: As used in MBS Guide, Ch. 3, Part 21, § C, the following terms and definitions shall apply.

(a) The term "Issuer of Record" is defined as the entity identified in Ginnie Mae systems, by Issuer ID, as the entity assigned servicing and investor remittance responsibilities for the mortgage loans in a given pool or loan package. In cases of Transfers of Issuer Responsibility, the Issuer of Record for a given pool or loan package is the Transferee Issuer beginning on the Effective Reporting Date identified in the Assignment Agreement covering such transfer.

(b) The term "Portfolio" is defined as the Single-family, fixed rate, forward mortgage loans associated with each Issuer ID number in Ginnie Mae systems. Issuers with multiple Issuer IDs will be treated as having multiple Single-family Portfolios for purposes of the Minimum Portfolio Servicing Spread below.

(c) The term "Loan Servicing Spread" is defined as, for any mortgage loan pooled into a Ginnie Mae Single-family pool or loan package for which an Issuer is the Issuer of Record, the loan interest rate minus the corresponding security coupon rate minus the guaranty fee expressed in basis points.

(i) (Loan interest rate) – (security coupon rate) – (guaranty fee) = Loan Servicing Spread

(ii) See example in table below. Loan Servicing Spread in bold and underlined.

Loan Interest Rate	Security Coupon	G-Fee	Loan Servicing Spread (LSS)
4.5%	4.00%	0.06%	**0.44%**

(d) The term "Pool-Based Weighted Loan Servicing Spread" is defined for any mortgage loan pooled into a Ginnie Mae Single-family pool or loan package as the corresponding Loan Servicing Spread multiplied by the amount that is obtained by dividing the loan's remaining principal balance by the unpaid principal balance of the corresponding pool or loan package, expressed in basis points.

(i) (Loan Servicing Spread) x ((Loan RPB) ÷ (Pool UPB or Loan Package UPB)) = Pool-Based Weighted Loan Servicing Spread (Pool WLSS)

(ii) See example in table below. Pool-Based Weighted Loan Servicing Spread shown in bold and underlined for Loans 1 through 3.

Loan/Pool Identifier	Loan RPB	Loan Interest Rate	Security Coupon	G-Fee	Loan Servicing Spread	Pool Based Weighted Loan Servicing Spread
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.44%	**0.17%**
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.19%	**0.10%**
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.69%	**0.09%**
POOL ABC Total:	400,000	…	…	…	…	0.36%

(e) The term "Pool Servicing Spread" is defined as, for each Ginnie Mae Single-family pool and loan package for which an Issuer is the Issuer of record, the sum of the Pool-Based Weighted Loan Servicing Spread of all loans in such pool or loan package.

(i) ∑(Loan Servicing Spread) x ((Loan RPB) ÷ (Pool UPB)) = Pool Based Weighted Loan Servicing Spread.

(ii) See example in table below for POOL ABC comprised of three loans. Pool Servicing Spread in bold and underlined.

Loan/Pool Identifier	Loan RPB	Loan Interest Rate	Security Coupon	G-Fee	Loan Servicing Spread	Pool Based Weighted Loan Servicing Spread
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.44%	0.17%
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.19%	0.10%
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.69%	0.09%
POOL ABC Total:	400,000	…	…	…	…	**0.36%**

(f) The term "Portfolio-Based Weighted Loan Servicing Spread" is defined as, for any mortgage loan pooled into a Ginnie Mae Single-family pool or loan package, the corresponding Loan Servicing Spread multiplied by the amount obtained by dividing the loan's remaining principal balance by the aggregated unpaid principal balance of all Single-family pools or loan packages for which that Issuer is the Issuer of record, expressed in basis points.

(i) (Loan Servicing Spread) x ((Loan RPB) ÷ (Portfolio UPB)) = Portfolio-Based Weighted Loan Servicing Spread.

(ii) See example in table below for an Issuer portfolio comprised of POOL ABC and POOL DEF, each with three loans. The Portfolio-Based Weighted Loan Servicing Spread is in bold and underlined for each loan in the portfolio.

Loan/Pool Identifier	Loan RPB	Loan Interest Rate	Security Coupon	G-Fee	Loan Servicing Spread	Pool Based Weighted Loan Servicing Spread
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.44%	**0.06%**
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.19%	**0.03%**

POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.69%	**0.03%**
POOL DEF Loan 1	175,000	5.00%	4.50%	0.06%	0.44%	**0.07%**
POOL DEF Loan 2	225,000	5.00%	4.50%	0.06%	0.44%	**0.09%**
POOL DEF Loan 3	300,000	5.25%	4.50%	0.06%	0.69%	**0.19%**
Portfolio Total:	1,100,000	…	…	…	…	0.0047

(g) The term "Portfolio Servicing Spread" is defined as the sum of the Portfolio-Based Weighted Loan Servicing Spread of all Single-family loans for which the Issuer is the Issuer of record.

(i) ∑ (Portfolio-Based Weighted Loan Servicing Spread of all Loans)

(ii) See example in table below for an Issuer portfolio comprised of POOL ABC and POOL DEF, each with three loans. The Portfolio Servicing Spread is in bold and underlined.

Loan/Pool Identifier	Loan RPB	Loan Interest Rate	Security Coupon	G-Fee	Loan Servicing Spread	Pool Based Weighted Loan Servicing Spread
POOL ABC Loan 1	150,000	4.50%	4.00%	0.06%	0.44%	0.06%
POOL ABC Loan 2	200,000	4.25%	4.00%	0.06%	0.19%	0.03%
POOL ABC Loan 3	50,000	4.75%	4.00%	0.06%	0.69%	0.03%
POOL DEF Loan 1	175,000	5.00%	4.50%	0.06%	0.44%	0.07%
POOL DEF Loan 2	225,000	5.00%	4.50%	0.06%	0.44%	0.09%
POOL DEF Loan 3	300,000	5.25%	4.50%	0.06%	0.69%	0.19%
Portfolio Total:	1,100,000	…	…	…	…	**0.47%**

(2) (Minimum Portfolio Servicing Spread Requirement: Effective March 1, 2020, all Single-family Issuers will be required to have and maintain at all times, a Portfolio Servicing Spread of at least 25 basis points (.25% or 0.0025 expressed in decimals). The Minimum Portfolio Servicing Spread Requirement of 25 basis points is an absolute minimum, and therefore, Issuers may not round up when computing the Portfolio-Based Loan Servicing Spread or the Portfolio Servicing Spread.

(3) (Effect on Transactions that Pledge or Encumber Servicing Income: Any amount of Servicing Income or servicing rights that is pledged or encumbered in accordance with MBS Guide, Ch. 21 will not be excluded from the computation of the Minimum Portfolio Servicing Spread required by MBS Guide Ch. 3, Part 21, *§* C.

(4) Non-Compliance with Minimum Portfolio Servicing Spread Requirement: Any Issuer that does not satisfy the Minimum Portfolio Servicing Spread prescribed by MBS Guide, Ch. 3, Part 21, § C(2) is in violation, and may be subject to one or more of the risks and liabilities listed in MBS Guide Ch. 5, Part 2, *§* N. Ginnie Mae may impose pooling restrictions on an Issuer that is not compliant with the Minimum Portfolio Servicing

Spread requirement, including, but not limited to restrictions on issuing pools or loan packages with a Pool Servicing Spread that is lower than the Minimum Portfolio Servicing Spread, or other minimum servicing spread determined by Ginnie Mae at its own discretion. Such pooling restrictions may be imposed independent from or in addition to the risks and liabilities listed in MBS Guide Ch. 5, Part 2, § N.

PART 22. PROGRAM WITHDRAWAL

Section A. Voluntary Withdrawal

Effective Date: 2018-11-08

An approved Issuer may request voluntary withdrawal from one or more MBS program types if the Issuer no longer wishes to participate in Ginnie Mae Programs or is unable to comply with the Demonstrated Participation Requirement. To do so, the Issuer must submit a letter to Ginnie Mae's Office of Issuer and Portfolio Management (see, Addresses), signed by an authorized signatory of the Issuer whose name and signature appear on the form HUD-11702 on file with Ginnie Mae, requesting voluntary program withdrawal. Such action would relieve the Issuer from all compliance requirements, or focus requirements to only the remaining approved program type (i.e. equity requirements may change.) A voluntary withdrawal does not preclude reapplication under the requirements in MBS Guide, Ch. 2.

Section B. Involuntary Program Withdrawal

Effective Date: 2018-11-08

Ginnie Mae, at its sole discretion, may withdraw one or more MBS program type approvals, if the Issuer is out of compliance with the Demonstrated Participation Requirement and has not voluntarily withdrawn in accordance with MBS Guide, Ch. 3, Part 22, § A. An involuntary withdrawal is not an event of issuer default; it pertains only to a specific MBS program type. In certain instances an issuer may be in good standing with securities outstanding under one program type, but has been involuntarily withdrawn under another. An involuntary withdrawal does not preclude reapplication under the requirements in MBS Guide, Ch. 2.