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October 17, 2014

APM 14-16

MEMORANDUM FOR: All Participants in the Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: New Issuer Net Worth and Liquidity Requirements

Ginnie Mae is revising some of its Issuer financial requirements in response to the continued transformation of the housing finance market. Based on recent market analysis, Ginnie Mae has determined that it is necessary to increase its minimum adjusted net worth and liquid asset requirements for Single-Family Issuers and Issuers participating in more than one Mortgage-Backed Securities program. The new requirements are set forth below:

Single-Family Issuer Minimum Net Worth: Single-Family Issuers' minimum adjusted net worth requirement of \$2,500,000 plus 0.20% (20 basis points) of the Issuer's total effective outstanding Single-Family obligations¹ will be increased to \$2,500,000 plus 0.35% (35 basis points) of the Issuer's total effective outstanding Single-Family obligations.

Single-Family Issuer Minimum Liquidity: Single-Family Issuers' minimum liquid assets requirement of 20% of required net worth will be changed to the greater of \$1,000,000 or 0.10% (10 basis points) of the Issuer's outstanding Single-Family securities.

Issuers Approved for more than one Program Minimum Net Worth and Liquidity: Issuers who are approved to participate in more than one program type (Single-Family, Multifamily, Manufactured Home, and/or HECM MBS) will have to meet a minimum adjusted net worth and liquid assets requirement equal to or greater than the sum of the minimum requirements for all the program types in which the Issuer is approved to participate, as opposed to the highest program requirement.

¹ Total effective Single-Family outstanding obligations equal the sum of: 1) all Single-Family Ginnie Mae securities outstanding, 2) available commitment authority to issue new Single-Family pools, and 3) total Single-Family pools funded.



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New Requirements Effective Dates:

- Beginning January 1, 2015, applicants seeking Issuer approval will be required to meet the new requirements.
- Issuers approved on or before December 31, 2014 will be required to meet the new requirements beginning December 31, 2015.
- Beginning January 1, 2015, in order for a mortgage-servicing rights (MSRs) bulk transfer, or “a transfer of Issuer responsibilities,” to be approved by Ginnie Mae, the acquiring Issuer will have to meet the new requirements.
- Beginning January 1, 2015, in order for a new Pool Issuance for Immediate Transfer (PIIT), or MSR bulk transfer, arrangement to be approved by Ginnie Mae, the acquiring Issuer will have to meet the new requirements.

Note: Program specific net worth and liquidity (if applicable) requirements currently in place for the Multifamily, Manufactured Home, and HECM MBS programs remain unchanged. Institution-wide capital requirements also remain unchanged.

These revised requirements will be incorporated into the Ginnie Mae Mortgage-Backed Securities Guide 5500.3, REV-1 (MBS Guide) on January 1, 2015.

For additional assistance, Issuers may contact their Ginnie Mae Account Executive in the Office of Issuer and Portfolio Management directly or at (202) 708-1535.