



GinnieMae

Our Guaranty Matters

2015

SEPTEMBER 21-22 | ARLINGTON, VIRGINIA



GAMECHANGERS
2015 GINNIE MAE SUMMIT

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Current and Upcoming Program Changes for FHA, VA & RHS



FHA's Office of Single Family Housing

Ginnie Mae Summit 2015

INDUSTRY CONCERNS: Current and Upcoming Program Changes for
FHA, VA and RHS

FHA Update

September 21, 2015

Presented by:

Kevin Stevens

Director

Home Mortgage Insurance Division





FHA Single Family Priorities

Expanding Access to Credit

Implementing responsible ways of providing first-time homebuyers and underserved, credit worthy borrowers access to credit to ensure long-term homeownership success.

Ensure Long-term Viability of MMI Fund

Balancing our mission with sound lending practices to ensure the health of the Mutual Mortgage Insurance Fund.

Making it Easier to Do Business

Working with the industry participants to enhance business processes, communication, and policy clarity.



Today's Presentation

- FHA Single Family Housing Priorities
- Expanding Access to Credit
 - *Single Family Housing Policy Handbook*
 - Quality Assurance Framework
 - Home Equity Conversion Mortgages
- Ensuring Long-term Viability of the Mutual Mortgage Insurance Fund
- Making it Easier to Do Business with FHA
 - Strategies for Moving Forward
 - Electronic Appraisal Delivery Portal



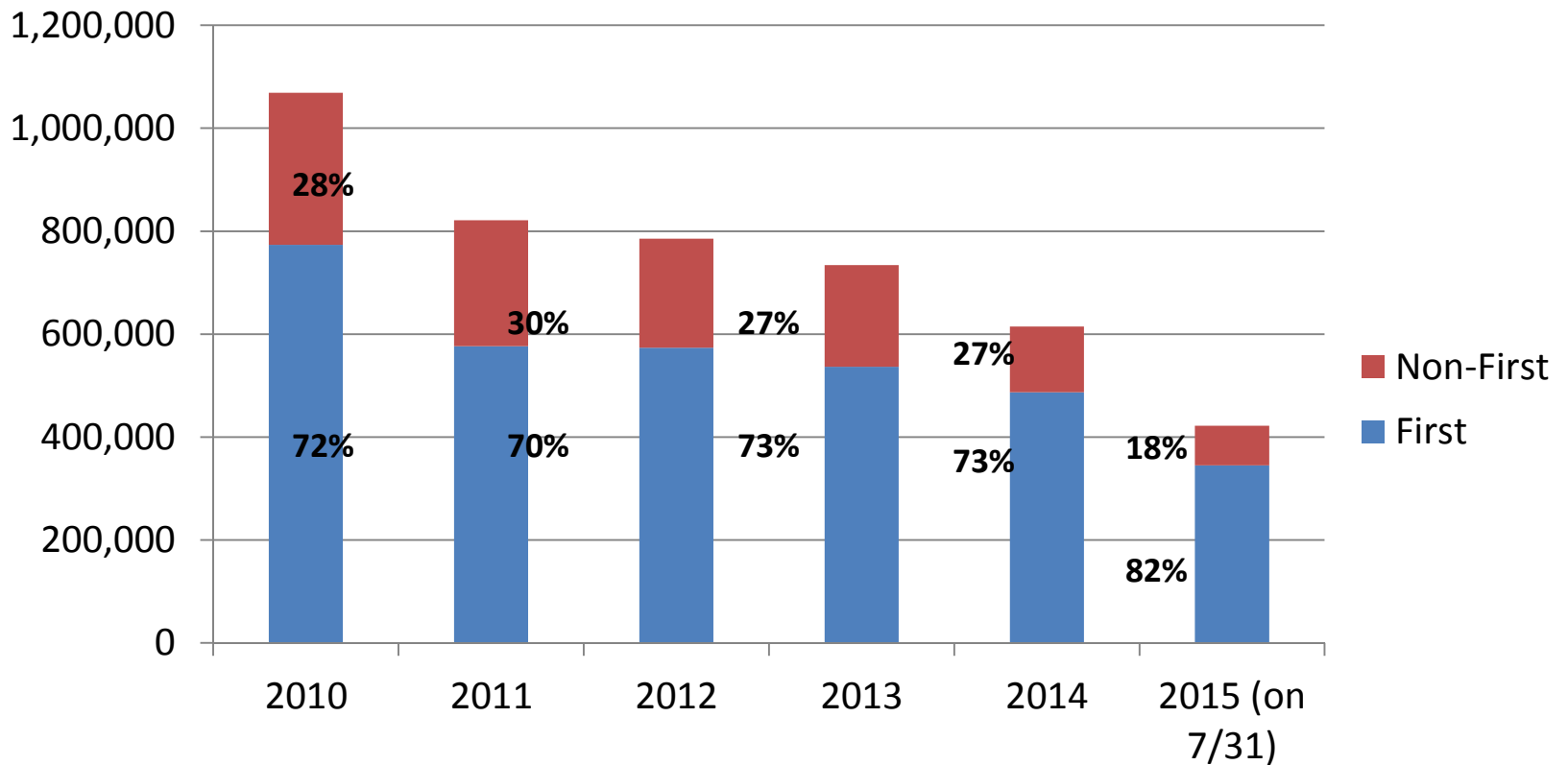
Expanding Access to Credit

Implementing responsible ways of providing first-time homebuyers and underserved, credit worthy borrowers access to credit to ensure long-term homeownership success.



FHA Purchases and Access to Credit

FHA Share of Portfolio: First-Time Homebuyers



Source: FHA Home Mortgage Insurance Division





A Half Percentage Point Reduction in the Annual MIP Premium...

Saves \$900 annually for an average household.¹

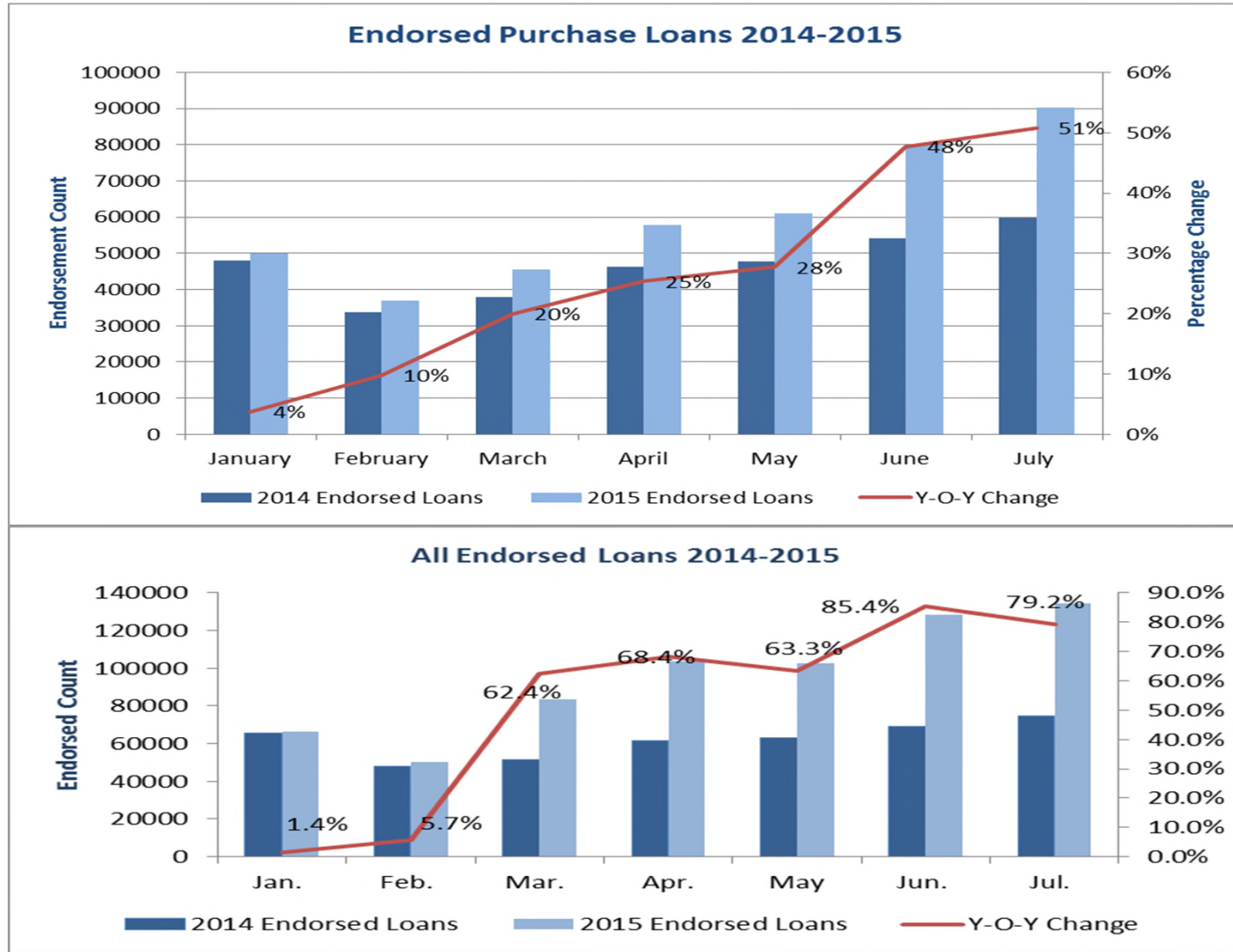
Benefits 2-3 million households over the next 3 years.

Saves \$2-\$3 billion for these households.

Nearly 250,000 additional creditworthy, responsible families will be able to afford to buy over the next 3 years.

1. Based on average loan size of \$180,000

Affect of MIP Reduction





Blueprint for Access

Takes a targeted approach to expanding access and affordability.

Quality Assurance Framework

- Provide clarity and transparency
- Four components:
 1. *FHA Single Family Housing Policy Handbook*
 2. Lender Performance Management
 3. Loan Quality Assessment
 4. Loan Sampling



Quality Assurance Framework

FHA wants to:

- Provide clear rules of the road.
- Encourage responsible behavior.

So lenders can:

- Originate loans with confidence.
- Focus on the quality of their processes and lend to all qualified borrowers.





Expanding Access to Credit

Single Family Housing Policy Handbook





SF Handbook Overview

FHA's *Single Family Housing Policy Handbook* (SF Handbook; HUD Handbook 4000.1) is a consolidated, consistent, and comprehensive single source for FHA Single Family Housing Policy:

- **Consolidated:** Eventually, all SF Mortgagee Letters, Housing Notices, Handbooks, and other policy documents will be consolidated into a single source.
- **Consistent:** Consistent format and terms throughout the SF Handbook support easier use – a key to FHA's Access to Credit strategy.
- **Comprehensive:** The SF Handbook will cover all Single Family Housing policy.



Supports Access to Credit

- One piece of *Blueprint for Access* Quality Assurance Framework.
- Mitigates defects and increases origination quality.
- Supports increased originations of FHA mortgages.



Consolidated Source

- Consolidated **over 450** existing Handbooks, Mortgagee Letters and other policy documents into one source.
- SF Handbook Transmittals list all of the policy documents to be superseded in whole or in part on the relevant effective date



Comprehensive Content

- Offers a single, comprehensive source.
- Eliminates a labor-intensive process to find precise policy information in multiple documents.
- Delivers easier access:
 - Online SF Handbook provides advanced search, compare, and other features.



FHA Single Family Housing Policy Handbook Development Progress

Key

Published

Posted

Being Developed

As of August 26, 2015

Doing Business with FHA	Title I Lenders and Title II Mortgagees Types of Programs and Mortgagees Supplemental Authorities Annual Recertification		Application and Eligibility Post Approval Operations/Changes Voluntary Withdrawal		Other Participants Appraisers 203(k) Consultants DE Underwriters Nonprofits	RE Brokers Closing Agents Inspectors	
	Origination through Post-Closing/Endorsement	Title II Forward Mortgages Origination/Processing Appraiser Underwriting Closing Post-Closing Endorsement Product Sheets		203(k) 203(k) Consultant	HUD REO	HECM Origination/Processing Underwriting Closing Post-Closing Endorsement	Title I Manufactured Home Loans Origination/Processing Underwriting Closing Post-Closing Endorsement Chattel Appraisal Land Appraisal Product Sheets
Condo Project Approval		Appraiser and Property Requirements for Title II Forward and Reverse Mortgages					
Servicing		Title II Forward Mortgages Servicing of FHA-Insured Mortgages Default Servicing Loss Mitigation Performance Programs & Products		Servicing – HECM Performing Loan Servicing Loss Mitigation		Servicing and Claims – Title I Loans Performing Loan Servicing Loss Mitigation	
	Claims & Disposition	Claims – Title II Forward Mortgages Submission Claims Supplemental Claims Reconveyance Post-Claims Review		Claims – HECM		(Continued from previous row)	
Disposition – Title II Forward Mortgages Management and Marketing Program REO Property Sales		Disposition – HECM					
Quality Control, Oversight & Compliance	Quality Control – Institution and Loan level Program Office Sanctions Sanctions Against Individuals		Mortgagee Monitoring Mortgagee Review Board Referrals for Non-Compliance		Other Participants Quality Control Monitoring Actions and Sanctions	Appraisers 203(k) Consultants DE Underwriters Nonprofits	RE Brokers Closing Agents Inspectors





SF Housing Policy Handbook: Sections Still to Come

- Claims and Disposition;
- Title I;
- Home Equity Conversion Mortgages; and
- Condominium Project Approval.

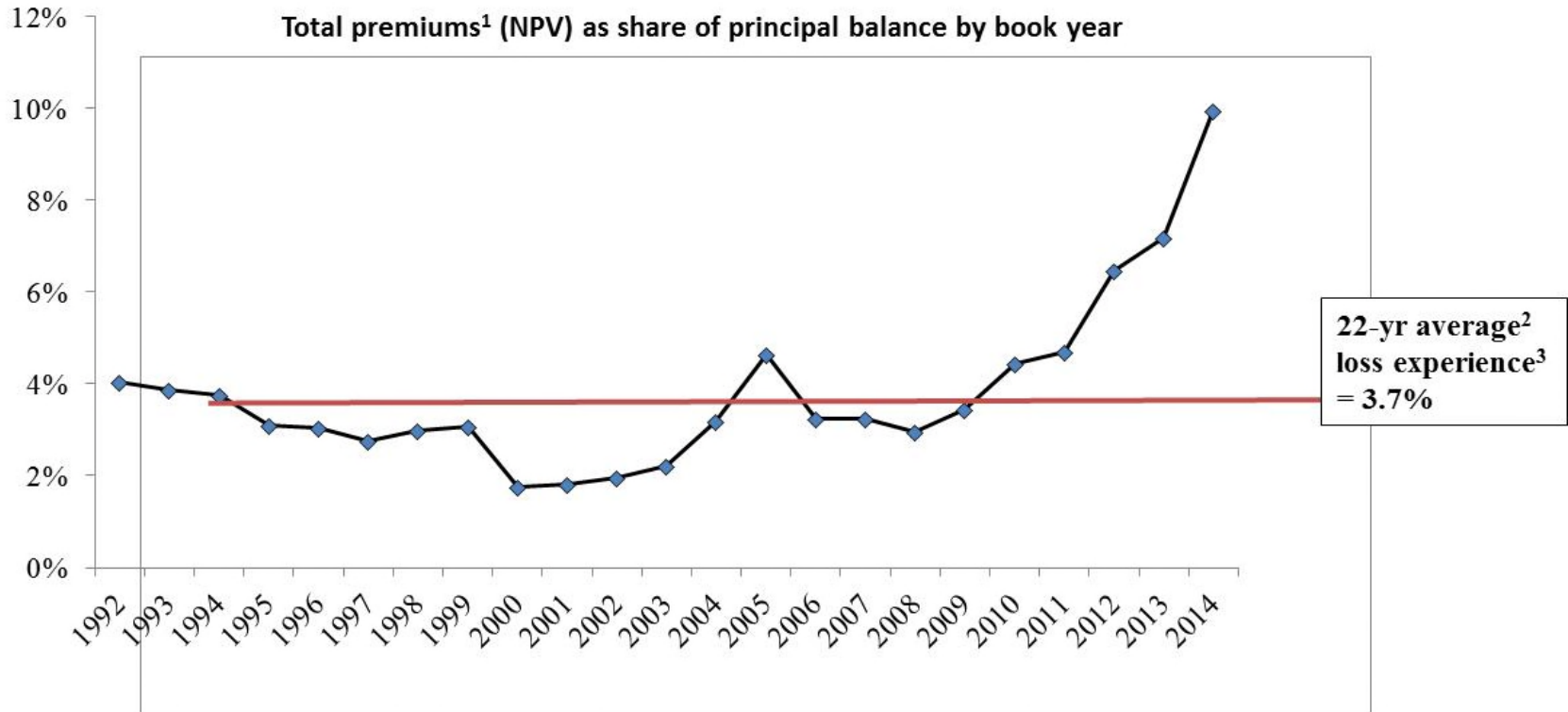


Ensure Long-term Viability of MMIF

*Balancing our mission with sound lending practices
to ensure the health of the Mutual Mortgage
Insurance Fund.*



As a Result of the Crisis, FHA Premiums Needed to be Raised to Better Cover Losses and Build Capital



1. Total present value of premiums includes total upfront and annual MIP
2. Includes crises period (2007-2009) losses; weighted average by book year
3. Includes crisis period losses; weighted average without crisis period is ~2.8%

Source: FY2014 FHA Annual Report; HUD



Making it Easier to Do Business

Working with industry participants to enhance business processes, communication, and policy clarity.



Making it Easier to Do Business with FHA

- FHA SF Handbook – create a single authoritative source for FHA SF policy.
- Implement broader use of e-Signature policy.
- Business Transformation – implement new capabilities and moving some systems to a new HUD technology platform:
 - **Electronic Appraisal Delivery Portal:** improving access to data earlier in the process to improve risk management and to minimize paper.
 - **Lender Electronic Assessment Portal:** enabling FHA to better identify, mitigate, and manage counterparty risk; automate manual processes; and replace antiquated technology.
 - **Leverage industry data standards** where possible.





Technology and Business Transformation Strategies and Goals

- FHA's Business Transformation goals are to:
 - Increase operational efficiencies and replace legacy infrastructure;
 - Enhance processes and tools throughout the organization and for stakeholders;
 - Improve risk management capabilities; and
 - Make it easier to do business with FHA.



FHA Single Family Business Transformation Overview

Origination through Endorsement



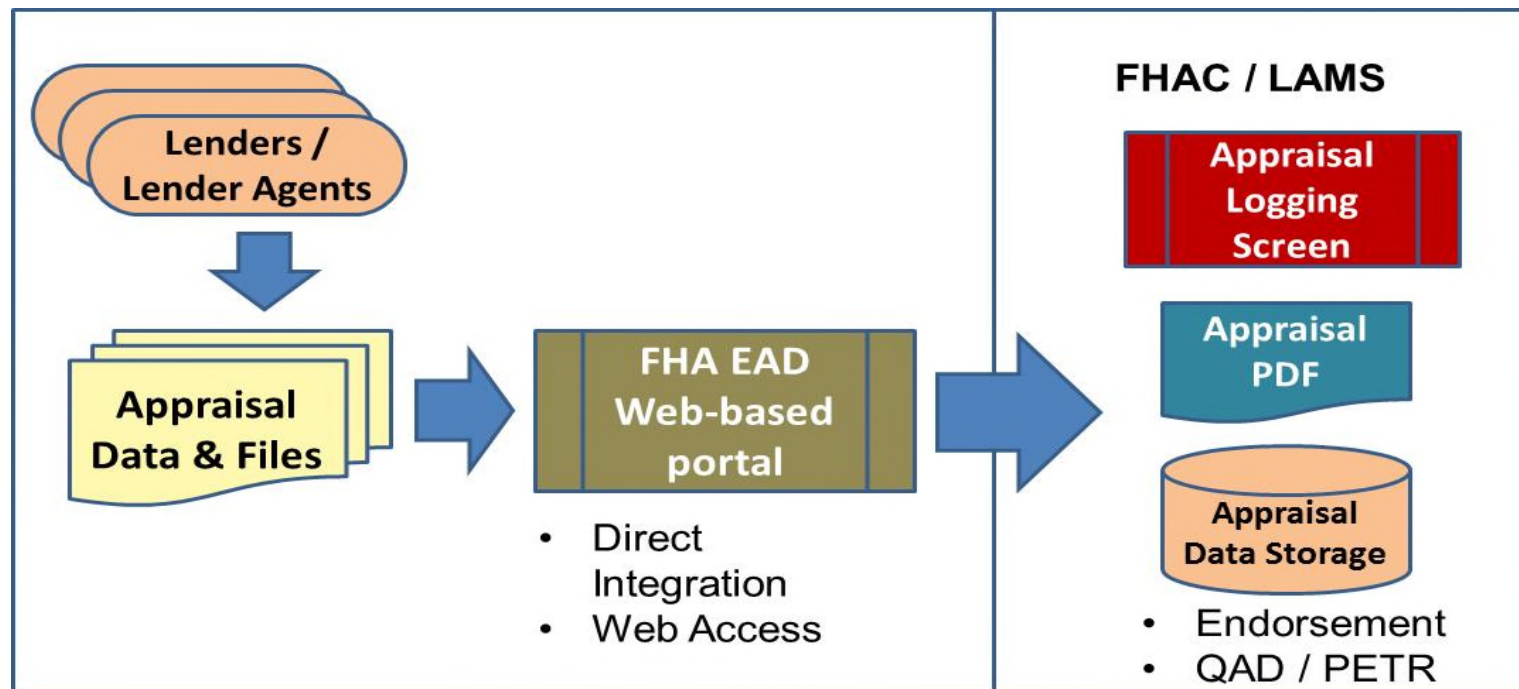
TOTAL / MISMO	<i>SF Housing Policy Handbook</i> (HUD Handbook 4000.1)	Electronic Appraisal Delivery	eCase Binder
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EAD and the Electronic Appraisal Process

Electronic Appraisal Delivery (EAD)

Electronic Appraisal Process





A Look Ahead

Single Family credit policy initiatives on the horizon.





Future Policies

- Energy Efficiency
 - PACE
 - Home Energy Score
- Condominium Project Approval
- Alternative/Advanced Credit scoring models



The FHA Resource Center

- Phone: Monday-Friday, 8 a.m. to 8 p.m., ET.
Toll Free: **(800) CALL-FHA** or (800) 225-5342.
- Email: **answers@hud.gov** .
- www.hud.gov/answers : **1600+ Qs and As** addressing 90% of our phone calls **and** announcements of policy changes and training opportunities.
- **FHA INFO** emails: Frequent email notifications of new policies and training opportunities for anyone who signs up.



Thank You





Single Family Housing Guaranteed Loan Program

Michelle C. Corridon
Deputy Director

Presentation Agenda

- Program Overview
- Program Growth
- Rural Development Portfolio
- Program Performance
- Automation Initiatives
- Lender Monitoring
- Training Opportunities



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Guaranteed Loan Program Overview

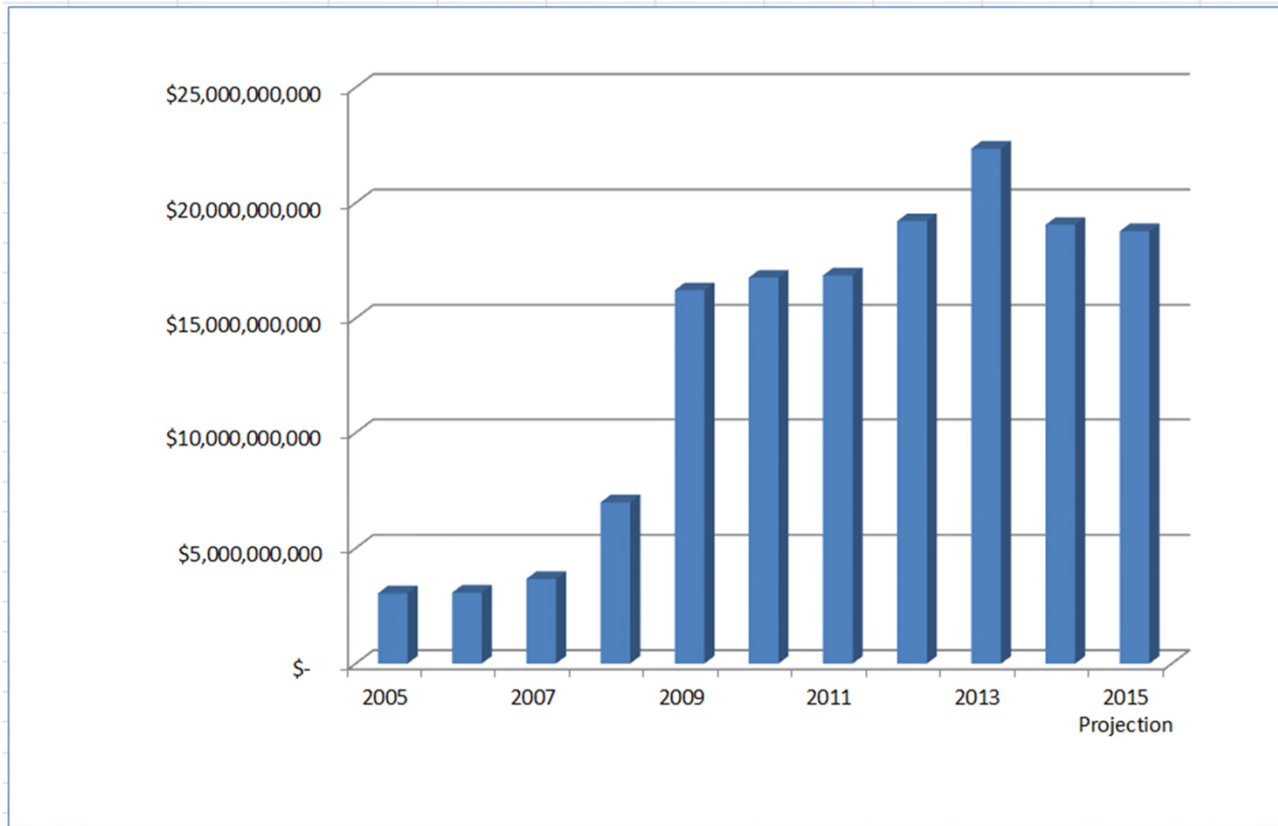
- No down-payment required
- 30 year fixed interest rates
- Automated Loan Closing System
- Customarily purchase transactions, few refinances
- 85% first time homebuyers
- 10% new construction
- Low and moderate income households
- Rural areas = up to 90% of the USA



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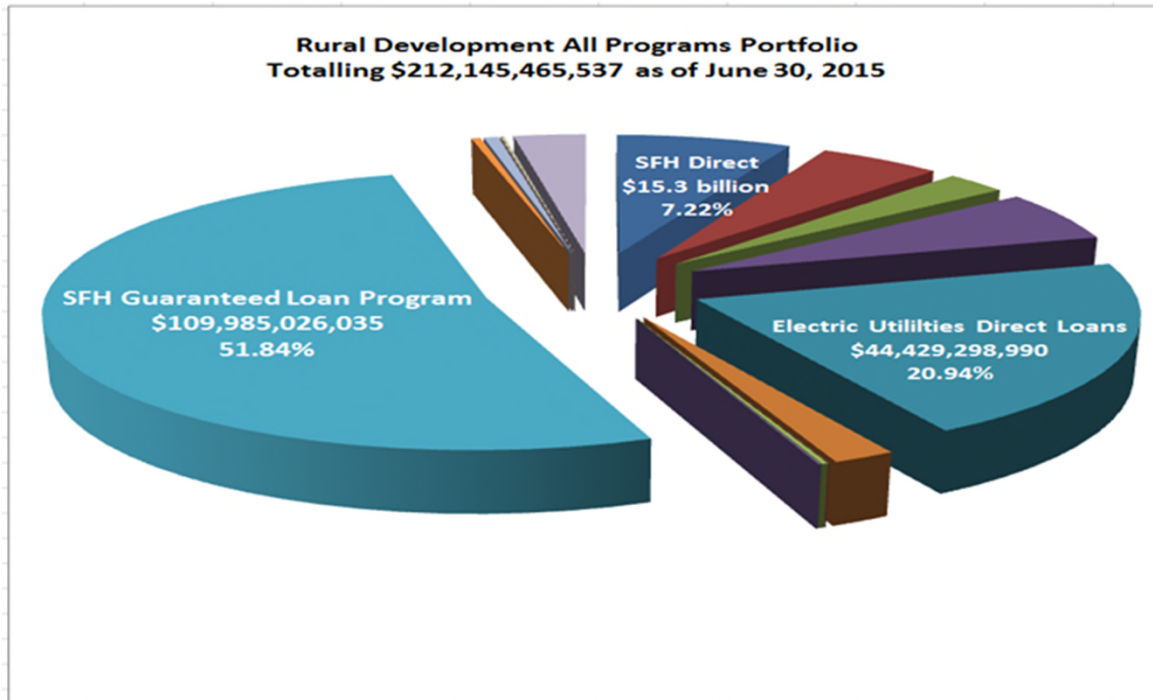
SFH Guaranteed Loan Program Growth



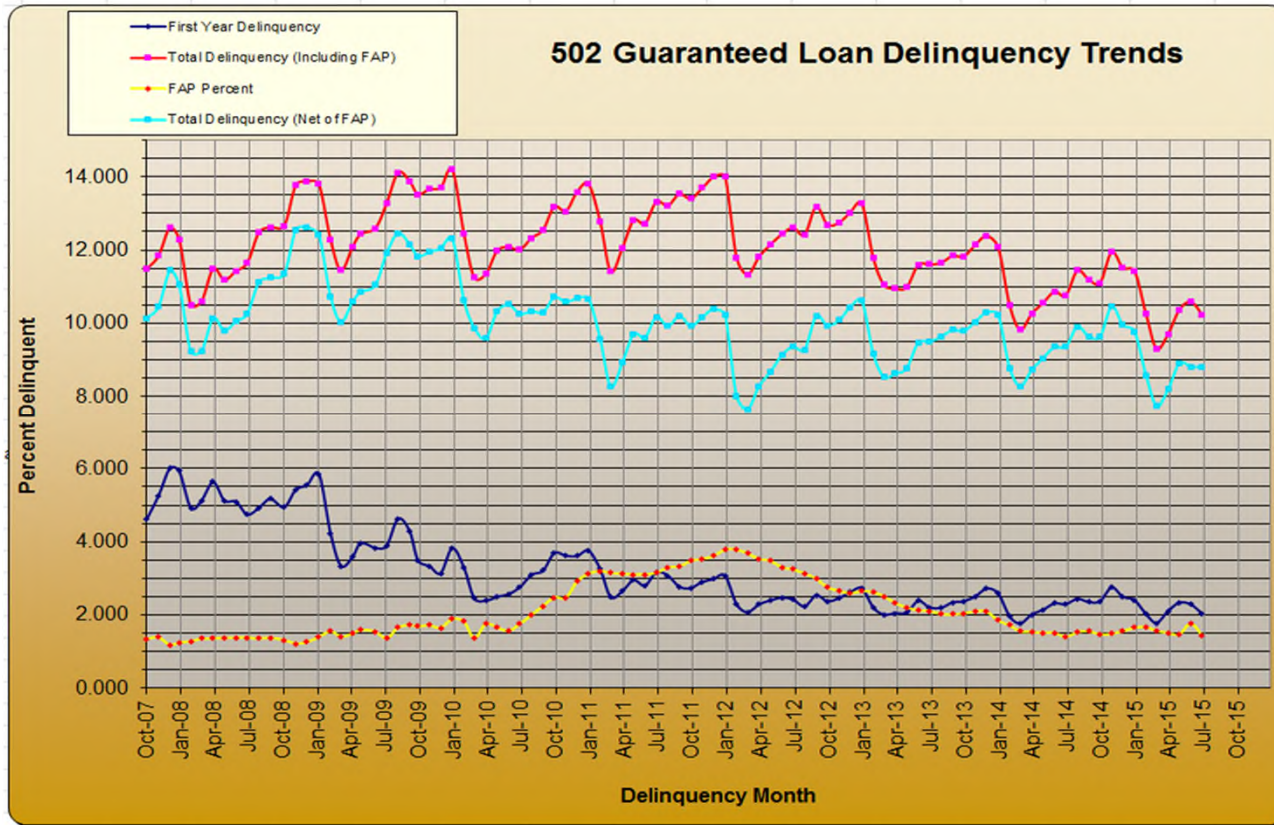
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Rural Development Direct and Guaranteed Loan Portfolio



SFH Guaranteed Loan Performance



Automated Loan Closing

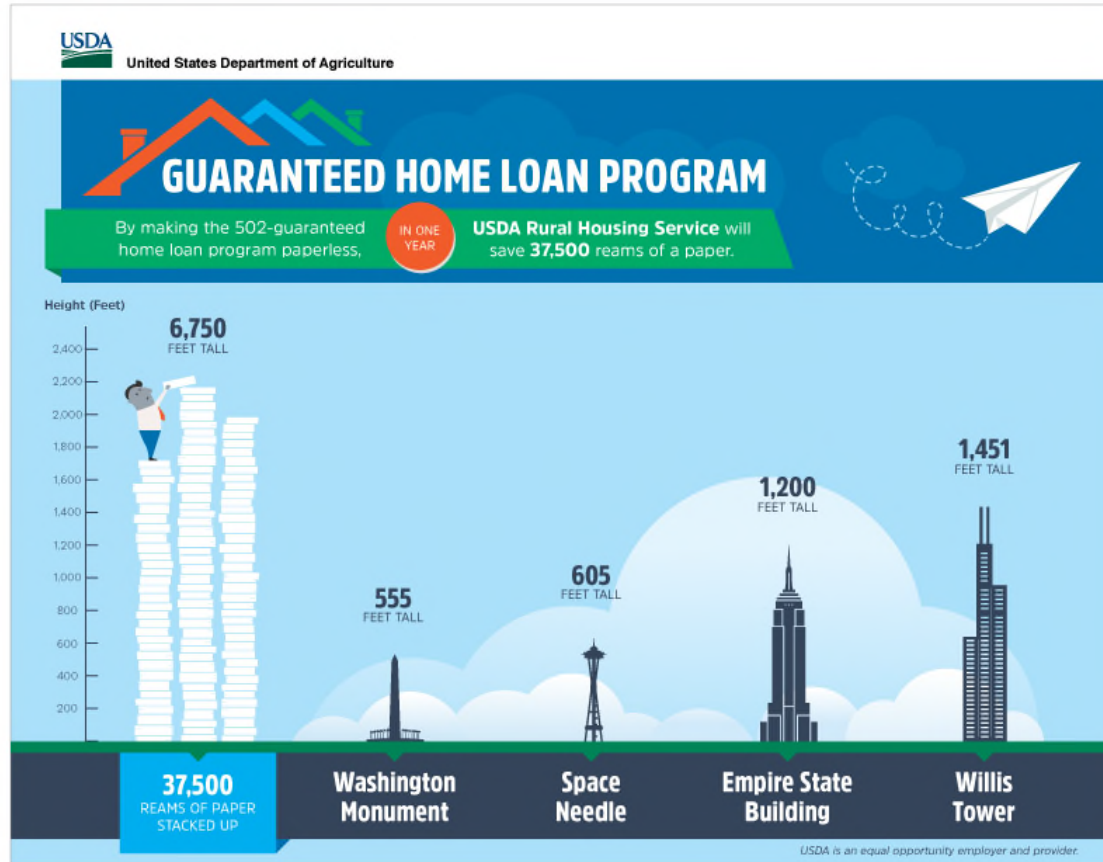
- Paperless environment
- Payment of fee through pay.gov
- 99% of lenders participating
- Loan Note Guarantee available on-line



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Automated Loan Closing



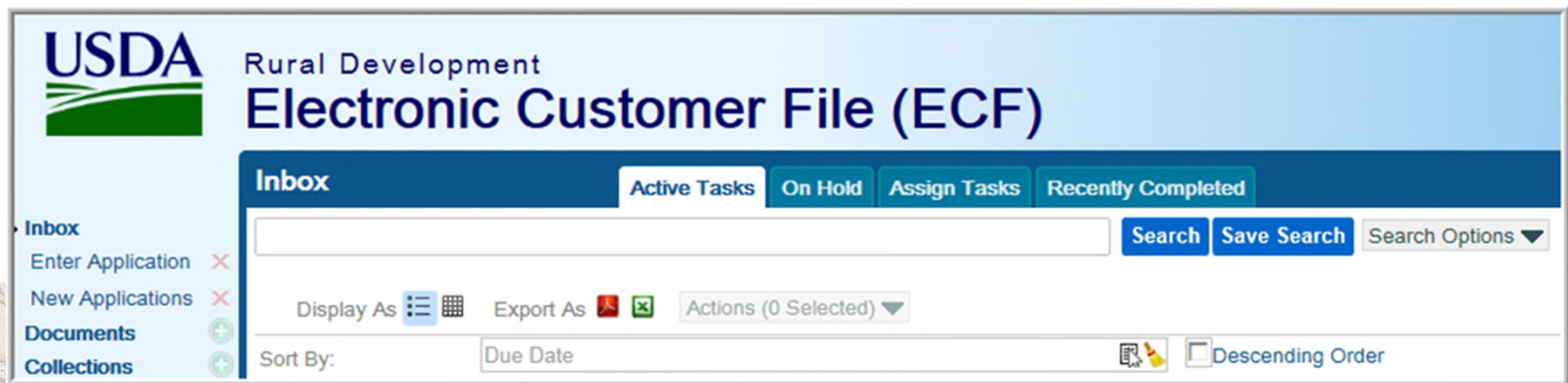
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Electronic Case File (ECF)

- Front end to Imaging System
- Is the electronic file for the loan
- Work flow enabled



The screenshot displays the USDA Rural Development Electronic Customer File (ECF) web application. The header features the USDA logo and the text "Rural Development Electronic Customer File (ECF)". Below the header, there are navigation tabs for "Inbox", "Active Tasks", "On Hold", "Assign Tasks", and "Recently Completed". The "Inbox" tab is selected. A search bar is present with "Search", "Save Search", and "Search Options" buttons. Below the search bar, there are options for "Display As" (list and grid views), "Export As" (PDF and Excel), and "Actions (0 Selected)". The "Sort By" dropdown is set to "Due Date", and there is a checkbox for "Descending Order". On the left side, there is a sidebar menu with "Inbox", "Enter Application", "New Applications", "Documents", and "Collections".

Loss Mitigation Delegation

- Pilot began 2 years ago.
- Permanent program effective as of 8/1/2015.
- 5 servicers will participate by the end of September constituting 80% of the RHS portfolio.
- Quarterly and annual reviews of servicer compliance will be completed by Deloitte and the CSC.



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EDI Updates

- Move from quarterly to monthly status updates for all loans.
- Allow for the use of greater range of codes and multiple codes in a reporting cycle, mirroring FHA.
- Beginning Q2 2016 with a 6 month adoption period for servicers.
- Working with Black Knight



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Lender and Servicer Monitoring

- Contractor – Deloitte & Touche LLP completing a combination of:
 - Site visits
 - Desk reviews
 - Unscheduled site visits
- 94 reviews scheduled for origination, servicing, and expanded
- Development of program risk management tool assess overall performance in origination and servicing. Implementation Fall 2015.
- Planning stage updating test questions and schedule for FY 2016.
- Stuart Walden – stuart.walden@wdc.usda.gov or 202-690-4507



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Training



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[Site Map](#)

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[USDA LINC Training and Resource Library](#)

The documents and material contained in the USDA LINC Training and Resource Library use Adobe PDF and Adobe Flash formats. To view PDF files you must have [Adobe Acrobat Reader](#) installed on your computer. To view Flash files you must have [Adobe Flash Player](#) installed on your computer.

[Lender Loan Closing/Administration Security](#)
[Guaranteed Annual Fee Billing and Payment](#)

[7 CFR 3555](#)
[Guaranteed Underwriting Service \(GUS\)](#)
[Loss Mitigation](#)

[New Lender Resources](#)
[Loan Origination](#)
[Property Disposition](#)

[Guaranteed Outreach and Education](#)
[Electronic Status Reporting \(ESR\)](#)
[Loss Claim Administration and Servicing](#)

[Lender Loan Closing/Administration Training](#)

Documentation and Resources

[Lender Loan Closing \(LLC\) Agreement Fillable \(PDF\)](#)

[Lender Loan Closing \(LLC\) Administrative Guide \(PDF\)](#)

[Quick Steps to Access Lender Loan Closing \(LLC\) \(PDF\)](#)

[Lender Loan Closing \(LLC\) User Guide \(PDF\)](#)

[Quick Steps to Complete a Lender Loan Closing \(LLC\) \(PDF\)](#)

[Additional Lender Security Administrator - Fillable \(PDF\)](#)

[7 CFR 3555 and Handbook](#)

Training

[7 CFR Part 3555 Origination Overview \(Flash\)](#)

[7 CFR Part 3555 Servicing Overview \(Flash\)](#)

Documentation and Resources

[Frequently Asked Questions \(PDF\)](#)

[3555 Handbook \(PDF\)](#)

[7 CFR 3555 \(PDF\)](#)

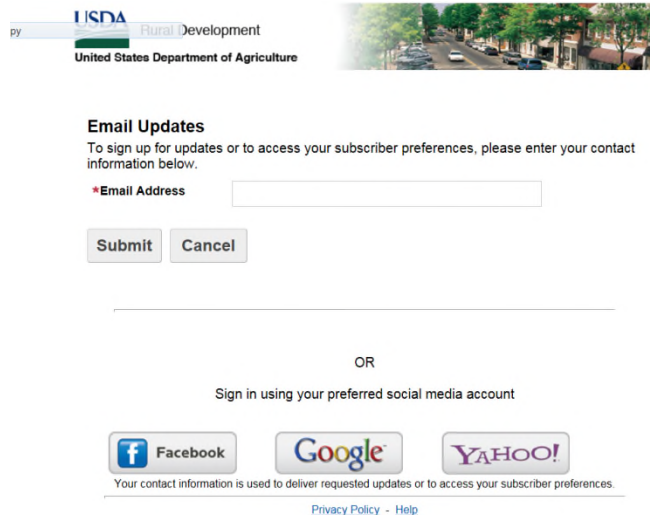


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Email Subscriptions

- New service - <https://public.govdelivery.com/accounts/USDA RD/subscriber/new>



The screenshot shows the USDA Rural Development website's email subscription page. At the top left, the USDA logo is displayed with the text "Rural Development" and "United States Department of Agriculture". To the right is a photograph of a rural street scene. Below the header, the section is titled "Email Updates" and includes the instruction: "To sign up for updates or to access your subscriber preferences, please enter your contact information below." There is a text input field labeled "*Email Address". Below the field are "Submit" and "Cancel" buttons. A horizontal line separates this section from the social media sign-in options. The text "OR" is centered above the instruction "Sign in using your preferred social media account". Three buttons for "Facebook", "Google", and "YAHOO!" are provided. At the bottom, a small line of text states: "Your contact information is used to deliver requested updates or to access your subscriber preferences." with links for "Privacy Policy" and "Help".



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