

## CHAPTER 7: APPLICATION FOR APPROVAL AS A GINNIE MAE ISSUER

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### 7-1: OVERVIEW OF CHAPTER

This chapter describes the application procedure for requesting approval as a Ginnie Mae Issuer.

### 7-2: APPLICATION PROCEDURE

#### ***(A) Single Application***

The eligibility requirements for approval as a Ginnie Mae Issuer are the same under both the Ginnie Mae I MBS Program and the Ginnie Mae II MBS Program. Thus, an applicant must file only one application in order to qualify to issue securities under both Programs. In addition to the eligibility requirements discussed in this chapter, applicants must also meet certain eligibility requirements for approval to issue HMBS securities. These additional requirements are discussed in Chapter 35.

#### ***(B) Submission of Forms***

The applicant completes the forms and other documentation listed below and submits the package to Ginnie Mae's Office of Mortgage-Backed Securities (see Addresses).

#### ***(C) Ginnie Mae Review***

Ginnie Mae reviews the package and notifies the applicant in writing whether the application has been approved or denied or if more information is required.

- (1) If the application is approved, Ginnie Mae assigns a four-digit Issuer identification number to the applicant. This number must be used on all correspondence with Ginnie Mae and in connection with all of the Issuer's Ginnie Mae I and Ginnie Mae II MBS and HMBS transactions.
- (2) If additional information is requested by Ginnie Mae, the applicant has 60 calendar days to provide it. If the requested information is not submitted to Ginnie Mae within 60 days, the application package is returned to the applicant. Resubmission of the application will be treated as a new application requiring payment of a new application fee.
- (3) If the application is denied, Ginnie Mae advises the applicant, in writing, of the reason for the rejection.

### 7-3: GINNIE MAE DISCRETION

Ginnie Mae, in its sole discretion, may refuse to grant any application for Issuer status if Ginnie Mae determines that the applicant has failed to meet the specific requirements set forth in this Guide, or if Ginnie Mae otherwise determines that approval of the applicant would be detrimental to the MBS Program.

### 7-4: DOCUMENTS REQUIRED

Each applicant for approval as a Ginnie Mae MBS Issuer must submit the documents set forth below. Some of the documents described below may be listed in the Application

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for Approval and may consist of forms that can be found in Appendices to this Guide. In preparing a form found in an Appendix to this Guide, the applicant must follow any instructions that accompany the form.

Ginnie Mae reserves the right to require submission of additional information or documents. Additional HMBS submission requirements can be found in Chapter 35.

### **(A) All Applicants**

- (1) Application for Approval - FHA Lender and/or Ginnie Mae Mortgage-Backed Securities Issuer, form HUD 11701 (Appendix I-1) and all of the information required of the applicant by form HUD 11701.

FHA approval is a prerequisite for Ginnie Mae approval. (See Section 2-3) If the applicant is not already FHA-approved, form HUD 11701 allows the applicant to apply for both FHA and Ginnie Mae approval at the same time.

Section B of form HUD 11701 requires the applicant to disclose certain information about each person that serves on its Board of Directors or is an authorized signatory for the applicant. The disclosures must include any prior convictions, fines, or other adverse actions against the person by a federal, state, or local agency, or by a government-related entity, if the adverse action is related to the person's discharge of responsibilities that are characteristic of the financial services industry. The term "government-related entity" includes, but is not limited to, FHA, VA, RD, PIH, Fannie Mae, Freddie Mac, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, a Federal Home Loan Bank, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, and any state banking regulator.

- (2) Two original, signed copies of Resolution of Board of Directors and Certificate of Authorized Signatures, form HUD 11702 (Appendix I-2). If any person named as an authorized signer on the form HUD 11702 is not named in Section E.6. of the Application for Approval - FHA Lender and/or Ginnie Mae Mortgage-Backed Securities Issuer, form HUD 11701 (Appendix I-1), a resume for that employee must accompany the form HUD 11702.
- (3) Two copies of the applicant's annual financial statement for each of the latest three fiscal years,

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audited and certified by an Independent Auditor (IA). The certified Independent Auditor must meet the requirements outlined in [Chapter 1 of the Audit Guide](#).

If the latest audited statement is applicable to a period ending more than 6 months prior to the date Ginnie Mae receives the application, the applicant also must submit a current, unaudited statement certified by the chief executive officer of the applicant. (See Section 3-7(C)(6) for the form of certification)

- (4) Standard insurance industry-accepted certificates of insurance reflecting fidelity bond and mortgagee errors and omissions insurance coverage, along with Ginnie Mae loss payee and other required endorsements. (See Section 2-7 for coverage details) If exclusionary endorsements are contained in the fidelity bond or the mortgagee errors and omissions policy, or if Ginnie Mae requests it, the Issuer must submit a copy of the bond or policy showing the kinds and limits of coverage, the Ginnie Mae-required endorsements, and any exclusionary endorsements.
- (5) Written certification from an officer of the applicant that the applicant has in place a written quality control program for the underwriting, origination, and servicing of loans in Ginnie Mae MBS pools and loan packages and for secondary marketing. The applicant also must provide a copy of the most recent quality control audit, including the date of the audit, and must include a written statement of the action taken as a result of the findings, if any.
- (6) A written statement of the dollar value of loans to officers, directors, or affiliates of the applicant as of the date of the most recent audited balance sheet.  
If there are no outstanding loans of this type, the applicant must confirm that fact in writing.
- (7) A written statement of the dollar value of pledged assets (any items of value that have been transferred or assigned to secure payment of an obligation) as of the date of the most recent audited balance sheet.  
If there are no pledged assets, the applicant must confirm that fact in writing.
- (8) A list of applicant's affiliates, if any, that are already participating in the Ginnie Mae MBS Program as Issuers and the four-digit Ginnie Mae Issuer

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identification number of each.

If the applicant has no affiliate that is already participating in the Ginnie Mae MBS Program as an Issuer, the applicant must confirm that fact in writing.

- (9) If any affiliate of the applicant is already participating in the Ginnie Mae MBS Program as an Issuer, a Cross-Default Agreement (Appendix I-4), to the extent required under Section 2-12 of this Guide, between the applicant and each such affiliate. The applicant must state in each Cross-Default Agreement the name and Ginnie Mae Issuer identification number of each affiliate that is a party to it.
- (10) A written statement of the name, address, telephone number, and contact person for each mortgage insurance company, warehouse lender, and investor with whom the applicant is currently doing business.
- (11) Payment to Ginnie Mae, via wire transfer only, of \$250.00. This payment represents the Issuer application fee and is for review and analysis. It is earned when paid and is non-refundable.
- (12) Before issuing securities under any Program, an Issuer must also submit to Ginnie Mae's PPA (see Addresses) the following additional documents:
  - (a) For the Issuer's proposed central P&I custodial account, a Master Agreement for Servicer's Principal and Interest Custodial Account, form HUD 11709 (Appendix III-2), unless the Issuer proposes to use as its central P&I custodial account a P&I custodial account for which a valid form HUD 11709 is already on file.
  - (b) For the Issuer's proposed central P&I custodial account, an ACH Debit Authorization, form HUD 11709-A (Appendix I-6).

In addition, the Issuer must furnish the documentation described in Section 2-2.

### ***(B) Applicants That Are Not Fannie Mae- or Freddie Mac-Approved***

An applicant that is not approved by either Fannie Mae or Freddie Mac must submit, in addition to the documents required under Section 7-4(A), the following:

- (1) A brief description of the applicant's history including operating and business plans (see Section E of

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Application for Approval - FHA Lender and/or Ginnie Mae Mortgage-Backed Securities Issuer, form HUD 11701 (Appendix I-1)).

- (2) A written statement of the volume of mortgage loan origination during the three years preceding the filing of the application, broken down by loan type (*i.e.*, conventional, FHA, VA, RD and § 184) for each of the following categories: single family residential, manufactured housing, and multifamily.
- (3) A list of investors for whom the applicant is servicing loans, the number of loans being serviced for each investor, and the aggregate remaining principal balances of the loans. Subcontract servicing must be identified and broken out separately using the same format.
- (4) A list of investors for whom the applicant has sold mortgages over the prior 12-month period.
- (5) Resumes for at least three full-time officers and one additional full-time employee, all of whom will have the responsibilities of performing the obligations of the Ginnie Mae Issuer. One of the resumes must be for the officer responsible for mortgage servicing and securities administration. Another must be for the full-time officer in charge of day-to-day operations.