



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

September 12, 2008

APM 08-17

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Changes to the New Issuer Application and
Ginnie Mae Net Worth Requirements

Due to recent industry and market conditions, Ginnie Mae is strengthening its Issuer application process. Ginnie Mae would like to highlight two significant changes to the application process. The first is an increase to the minimum net worth requirement. The second is the introduction of a probationary period for all new Issuers. These changes will become effective October 1, 2008, for all new Issuers.

Ginnie Mae is increasing its minimum net worth requirement to **\$1 million** for all Single Family MBS and HMBS Issuers. All Issuers in the Single Family MBS and HMBS programs will be required to meet the new requirement by October 1, 2010. This increase does not apply to the multifamily net worth requirement, which will remain at \$500,000.

Additionally, all new Issuers will be subject to a one-year probationary period. The probationary period will commence upon the first issuance of a Ginnie Mae mortgage-backed security, or upon the acquisition of a Ginnie Mae servicing portfolio. During this time, Ginnie Mae will closely evaluate performance metrics, including, but not limited to loan level insurance statistics, delinquency levels and early payment defaults. Delinquencies and insurance rates must remain beneath our established thresholds. An onsite review will be conducted within six months from first issuance or acquisition, and all findings must be cleared within the given timeframe. All pools issued during the probationary period must be final certified according to Chapter 11 of Ginnie Mae Mortgage-Backed Securities Guide, 5500.3, Rev. 1 ("the Guide"); the 19 pool exemption in Chapter 11 does not apply to pools issued during the Issuer's probationary year.

Updates to the Guide will be made available under the "What's New" section of the Ginnie Mae website, www.ginniemae.gov. On October 1, 2008, they will be formally incorporated into the Guide.

For additional assistance, Issuers may contact their Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.