

# Ginnie Mae

## MBA National Servicing Conference

### Ginnie Mae Update

February 21, 2007



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# Agenda

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- ◆ e-Notification
- ◆ Web-based Ginnie*NET*, version 7.1
- ◆ Reporting and Feedback System (RFS)
- ◆ Future Initiatives
- ◆ Summary

# e-Notification

# Ginnie Mae's e-Notification Project

- In FY 2006, Ginnie Mae implemented a Web-based electronic notification system --- “e-Notification”
- Communication between Ginnie Mae and its business partners is now nearly 100 percent electronic. Very positive feedback!
- Based on feedback from our business partners, additional enhancements are planned that include:
  - notification when monthly accounting reports received
  - RPB discrepancy reports in .txt format
  - a listing of available pool numbers
  - addition of “active link” in the text of a custom message
- We encourage you to contact us with suggestions to make this great system even better!

# Ginnie Mae's e-Notification Project



## **Pool Processing Function:**

Commitment Authority Availability  
Custodian  
Pools are Ready Letters

## **Payment Function:**

P & I/ Guarantee Fee Collection  
Exceptions  
Notices

## **Securities Transfers Function:**

Daily Transfer Sheets  
Monthly Transfer Advices

## **Certification Function:**

Memoranda  
Final Certification Letters  
Recertification Confirmation Letters  
Notifications

## **Remaining Principal Balance (RPB) Function:**

RPB Failed Edit Report

## **Document Custodian Function:**

Assignment of Document  
ID Letters

## **Loan Level Reporting Function:**

Web IEDS Loan Level  
Loan Matching Originations  
Non-Match Results

## **Other Functions:**

All Participants Memoranda  
Multiclass Participants  
Training Notifications  
Other Miscellaneous

# Ginnie*NET* On The Web, Version 7.1

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# GinnieNET On The Web, Version 7.1

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- Ginnie Mae is please to announce the release of *GinnieNET* Version 7.1
- *GinnieNET* 7.1 will be available for pools with an issue date of April 1, 2007 and thereafter
- Version 7.1 will include all functionality in 7.0 plus:
  - Final certification and recertification
  - Form 11708, Request for Release of Documents
  - Requests for changes in Document Custodians
  - Investor reporting, including submission of forms 11714, 11714SN and 11710D

# GinnieNET On The Web, Version 7.1



- Fingerprint biometric technology replaces the electronic signature pad
- Security administrators for Issuers and Custodians must enroll in person
- Ginnie Mae is offering ten enrollment/training opportunities in five different locations. Watch for e-Notification with updated enrollment/training schedule
- **The GinnieNET Version 6.2 desktop application will not be available after May 30, 2007**

# Reporting and Feedback System (RFS)

# Reporting and Feedback System

## Main Functions



- Streamlining the monthly loan and pool reporting process and multiple forms into one consolidated reporting process
- Providing enhanced reporting feedback and data corrections capabilities to issuers and Ginnie Mae staff
- Providing enhanced and timelier disclosure to investors
- Validating MBS RPBs against loan level data submissions
- Providing new data access, ad hoc query, and on-line reporting tools for issuers and Ginnie Mae staff

# Issuer Business Impact



- Issuers will be responsible for reporting loan level, some pool level activity and security RPBs and adjustments in a single file to the Pool Processing Agent
- By the 2<sup>nd</sup> business day – Issuers will report loan/selected pool detail data, and security RPBs.
- By the 4<sup>th</sup> business day – All updates/corrections affecting RPBs must be submitted
- On the 5<sup>th</sup> through the 8<sup>th</sup> business days – Corrections to non-RPB-related data must be submitted. Ginnie Mae will provide disclosure data to Wall Street, consistent with current GSE practice

# Issuer Business Impact (con't)



- Ginnie Mae will quickly notify issuers of security RPB and non-monetary data exceptions through a Web-based exception management module
- The flexibility of establishing the issuer accounting cut off between the 25<sup>th</sup> of the month through the 1<sup>st</sup> day of the remains

# Future Initiatives

# GinnieNET Enhancements

## New ARM Fields



- Additional data fields and edits are being added to form 1706 to ensure that ARM loans are placed in appropriate ARM pool types
- Specifications are complete and will be sent out on e-Notification shortly
- New fields for ARM loans include:
  - Initial (+/-) Interest Rate Change Cap of Note
  - Subsequent Annual (+/-) Interest Rate Change Cap of Note
  - Lifetime(+/-) Interest Rate Change Cap of Note

# GinnieNET Enhancements

## New ARM Fields



- The new ARM fields and edits will be effective for pools with an issue date of July 1, 2007 and thereafter
- New review requirements for document custodians will be incorporated into the document custodian manual by April 1, 2007

# GinnieNET Enhancements

## LIBOR-Based ARMs



- Ginnie Mae has developed additional ARM types to allow for pooling of mortgages that will adjust based on the LIBOR rather than Treasury index
- Every existing ARM product presently available with a Treasury adjustment will be available with a LIBOR adjustment
- This product will be available immediately upon FHA endorsing and VA guaranteeing this product

# Securitization of Home Equity Conversion Mortgages (HECMs)



- In October 2006, Ginnie Mae announced the creation of a securitization program to support FHA's Home Equity Conversion Mortgage (HECM).
- Ginnie Mae has been working diligently with industry participants to define the scope and structure for this product.
- The Reverse Mortgage market is poised for exponential growth over the next 20 years and Ginnie Mae recognizes the vital need for an active secondary market.
- The lack of a secondary market has hindered the development of the HECM product, leaving consumers with a product that varies little from the first HECM originated close to 20 years ago. A strong secondary market will extend benefits to consumers by providing efficient pricing, reduced borrowing costs, and an expanded product base.

# Home Equity Conversion Mortgages (HECMs)



- Ginnie Mae's HECM securitization program will create the first standardized structure for the delivery of HECM loans to the world's capital markets.
- Ginnie Mae's structure coupled with the full faith and credit guarantee of the U.S. Government will serve as the foundation for a robust secondary market.
- Ginnie Mae's structure will help mortgage lenders realize the true economic value of their lending efforts by maximizing their return on investment. History has proven this will drive down the cost for borrowers.

# Home Equity Conversion Mortgages (HECMs)



- Issuers approved to securitize HECMs with Ginnie Mae will have the flexibility of pooling HECM loan draws and securitizing the balance through the security vehicle, the HECM MBS (HMBS)
- The HMBS will be a new class of Ginnie Mae security backed by HECM loan participations under the umbrella of the Ginnie Mae II Custom program.
- The HMBS will be an accrual coupon pass-through security. Accordingly, the HMBS will not have a payment schedule. Rather it will accrue interest on the securitized principal until such time that payoffs are received.

# Home Equity Conversion Mortgages (HECMs)



- Issuers will be permitted to securitize all drawn balances including MIP advances, Guarantee Fee advances, accrued interest, and servicing fees.
- The HMBS can be sold to investors as a stand-alone security or be used as collateral for a Ginnie Mae REMIC.
- We have brought along basic business requirements and a technical reference guide for those parties interested in learning more about Ginnie Mae's HMBS program.