

February 28, 2024

APM 24-01

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Alanna McCargo, President

SUBJECT: Manufactured Housing Applicant and Issuer Financial Eligibility Requirements

In support of the Department of Housing and Urban Development's (HUD) Strategic Plan to address the important role of Manufactured Housing, the Federal Housing Administration (FHA) and Ginnie Mae have jointly prioritized and committed to updating their respective programs for Title I Manufactured Housing to provide greater affordable financing and securitization opportunities for personal property manufactured housing.

Following extensive industry outreach and the completion of a 2022 RFI, Ginnie Mae has embarked on a comprehensive review of the data and feedback received from industry stakeholders and RFI respondents. Particular focus has been placed on the evolving risks encountered by the Manufactured Housing Mortgage-Backed Securities (MH MBS) Program since the last major program update in 2010 following the Housing and Economic Recovery Act of 2008, (Public Law 110-289) (HERA). Drawing from the results of the review and in conjunction with FHA's proposed policy changes, Ginnie Mae is announcing the first of a series of modernizations to the MH MBS Program. In support of housing finance system stability as well as Ginnie Mae manufactured housing Issuer financial consistency across economic cycles, Ginnie Mae is revising its financial eligibility requirements in the Mortgage-Backed Securities Guide 5500.3 Rev-1 ("MBS Guide") for institutions seeking approval as Ginnie Mae Manufactured Housing Issuers ("MH Applicants") and existing, approved Ginnie Mae MH Issuers. Additionally, MH Issuers that are non-depository mortgage companies will be required to maintain a Risk-Based Capital Ratio ("RBCR"). The financial eligibility requirements are detailed below.

Ginnie Mae monitors performance and assesses risk on an on-going basis, and reserves the right to revise the financial requirements, in its sole discretion, at any time.

Chapter 2, Chapter 3, Chapter 30, and Appendix IV-24 (MH Prospectus) of the MBS Guide have been updated accordingly. The MH MBS Program financial eligibility requirements announced in this APM will be effective immediately as of March 1, 2024 for MH MBS Applicants and will be effective June 1, 2024 for MH Issuers with the exception of Issuer RBCR requirements. RBCR requirements for MH MBS Issuers will be effective December 31, 2024.



Revised Net Worth Requirements

For all MH MBS Applicants, the minimum Net Worth requirement is \$2,500,000 plus 250 basis points (2.5%) of the Applicant's total effective MH MBS non-agency securities outstanding obligations. For more information, please see revised portions of Chapter 2, Part 9, § A(2) included with this APM.

The minimum Net Worth requirement for all MH MBS Issuers is \$2,500,000, plus 250 basis points (2.5%) of the Issuer's total effective MH MBS outstanding obligations. The total effective MH MBS outstanding obligations are the sum of 1). all MH MBS securities outstanding, 2). available commitment authority to issue new MH MBS pools, and 3). Total MH MBS pools funded. For more information, please see revised portions of Chapter 3, Part 8, § D(1) included with this APM.

Liquidity Requirements

In addition to the list of liquid assets that are eligible to meet Ginnie Mae's liquidity requirement as stated in Chapter 2, Part 9 § B(1) and Chapter 3, Part 8 § D(2), Ginnie Mae requires MH MBS Program Applicants and MH MBS Issuers to maintain appropriate levels of liquidity to meet and sustain financial obligations under the MH MBS Program. As stated in Chapter 2, Part 8, § D(2), MH Applicants are required to have liquid assets, equal to at least \$1,000,000. MH Issuers are required to maintain liquid assets of the greater of at least \$1,000,000 which may be comprised of cash, cash equivalents as defined under FAS95, and AAA rated government securities marked to market, as defined under FAS95 or 50 basis points of the Issuer's total effective MH outstanding obligations.

Institution-wide Capital Requirements for Certain Manufactured Housing Applicants and Issuers

Ginnie Mae's Institution-wide Capital Requirements for certain Manufactured Housing Applicants and Issuers will continue to be applied to measure the entity's ability to sustain the volatility of market disruptions and reflect the varying risk among different asset types. MH Issuers that are not covered by the requirements for financial institutions in the MBS Guide Chapter 3, Part 8, § D(3)(a) and (b) must maintain a Risk-Based Capital Ratio ("RBCR") of at least 6% in addition to continuing to maintain a Leverage Ratio of at least 6%. RBCR is Adjusted Net Worth (as defined by Ginnie Mae) divided by Total Risk-based Assets. For more information and details regarding Institution-wide Capital Requirements, please see Chapter 2, Part 9, § B(2)(c) for MH Applicants, and Chapter 3, Part 8 § D(3)(c) and (d) for MH Issuers.

Chapter 6 of the HUD Consolidated Audit Guide ("Audit Guide") will be updated to direct independent auditors to the MBS Guide for the current Institution-wide Capital Requirements for Applicants and Issuers. Until the Audit Guide update takes place, the requirements in the MBS



Mailing Address
451 Seventh Street SW, B-133
Washington, DC 20410

Guide supersede the requirements in the Audit Guide if the requirements in these two guidance documents conflict.

If you have questions, please contact your Account Executive in the Office of Issuer and Portfolio Management directly.



Mailing Address
451 Seventh Street SW, B-133
Washington, DC 20410