

**U.S. Department of Housing and Urban Development  
Office of the Inspector General**

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**SPECIAL ATTENTION OF:**

Ginnie Mae Issuers of Mortgage-Backed Securities

**TRANSMITTAL**

**Handbook No: 2000.04, REV-2, CHG-11**

**Chapter Number: 6**

**Issued: May 2012**

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1. This transmits Handbook 2000.04, REV-2, CHG-11, Chapter 6, Consolidated Audit Guide for Audits of HUD Programs, Ginnie Mae Issuers of Mortgage-Backed Securities Audit Guidance.
  
2. **Summary:** The Office of the Inspector General is in the process of updating Handbook IG 2000.04 and will release each chapter as it is completed. When all of the chapters providing programmatic audit guidance are released, the remaining general chapters will be revised, and the entire handbook will be repackaged and released as REV-3.

This handbook chapter is a change to Handbook IG 2000.04, REV-2, Chapter 6, dated April 2007 and January 2009. Chapter 6 is being reissued in its entirety to reflect changes to net worth, capital, and liquidity requirements and to provide new reporting formats for use. This chapter serves as a reference for independent auditors who perform audits of Government National Mortgage Association (Ginnie Mae) issuers of mortgage-backed securities (MBS). Handbook IG 2000.04 serves as a reference to independent auditors of selected U.S. Department of Housing and Urban Development (HUD) programs.

**3. Significant Changes:**

- a. Updates net worth requirements:
  - 1) Changes time lines for existing users to October 1, 2011, and for newly approved issuers to the time of approval (section 6-5, paragraph G2a).
  - 2) Increases single-family minimum net worth requirements to \$2.5 million plus 0.2 percent of the total effective outstanding obligations (section 6-5, paragraph G2a).
  - 3) Increases manufactured housing minimum net worth requirements to \$10 million (section 6-5, paragraph G2b).
  - 4) Adds a clarifying statement that issuers approved for more than one program type must follow the highest program minimum net worth requirements (section 6-5, paragraph G2e).
- b. Outlines new liquidity requirements for all issuers. Requirements became effective on October 1, 2011 (section 6-5, paragraph I).
- c. Outlines new capital requirements for all issuers. Requirements became effective on October 1, 2011 (section 6-5, paragraph H).

- d. Provides a list of unacceptable assets for the computation of adjusted net worth (Attachment A).
  - e. Provides the following reporting formats for issuers' use:
    - 1) Adjusted Net Worth Calculation (Attachment B)
    - 2) Capital Requirement Calculation (Attachment C)
    - 3) Liquid Asset Requirement Calculation (Attachment D)
    - 4) Adjusted Net Worth Calculation (Attachment E)
    - 5) Capital Requirement Calculation (Attachment F)
    - 6) Liquid Asset Requirement Calculation for Parent (Attachment G)
    - 7) Insurance Requirement (Attachment H)
  - f. Provides an illustrative Report of Independent Auditors on Consolidating Balance Sheet and Statement of Income (Attachment I).
- **Filing Instructions:** The issuance of this chapter cancels chapter 6, changes 4 and 8, dated April 2007 and January 2009, respectively.

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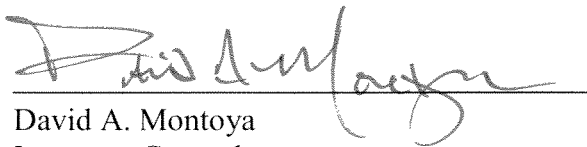
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Chapter 6, change 4, dated April 2007, and chapter 6, change 8, pages 27 & 28, dated January 2009

Chapter 6, change 11, dated May 2012

**4. Effective Date:**

- This chapter was updated to conform to the updated Ginnie Mae MBS Guide which was recently issued. This chapter is effective upon issuance.



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Inspector General