



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

July 29, 2004

04-08

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Release of GinnieNET 2020, Version 6.0

Ginnie Mae is pleased to announce the release of GinnieNET 2020, Version 6.0 ("GinnieNET 6.0"). GinnieNET 6.0 includes enhancements to both single-family and multifamily pooling processes. Included among these changes are the following:

- Unlimited remaining principal balance ("RPB") reporting;
- Document custodian transfer notifications;
- Multifamily Enhancements
 - a. Mortgage identification number ("MIN"),
 - b. PN payment changes,
 - c. Address verification functionality,
 - d. RHS 538 loans,
 - e. Modified loans,
 - f. CS pool rate changes, and
 - g. Project loan pools eligible for immediate transfer at issuance;
- Elimination of 48-month rule for pooling of single-family loans;
- Introduction of custom hybrid adjustable rate mortgages ("ARMs");
- Form HUD 11709A, Automated Clearing House Debit Authorization, submission functionality;
- Filters to reject Buydown ("BD") loans in Graduated Payment Mortgage ("GPM") and Growing Equity Mortgage ("GEM") pools;
- Enable pooling of Department of Veterans Affairs ("VA") loans as BD pools;
- Facsimile notification when pools are ready;
- Address verification edits;
- Amended Targeted Lending Initiative loan instructions for Public and Indian Housing ("PIH") loans and Federal Housing Administration ("FHA") loans;
- Removal of the option to report Ginnie Mae I guaranty fee; and
- Updated GinnieNET User's Guide.

1. Unlimited RPB Reporting

Ginnie Mae has expanded its monthly pool reporting process to allow reporting of an unlimited number of pool balances using GinnieNET 6.0. Issuers will no longer be limited in the number of pool balances that they can report in the same transmission. Although dial-up transmission through GinnieNET is permitted, the use of dial-up is not recommended when more than 10,000 pools are being submitted. If submitting more than 10,000 pools, issuers are strongly encouraged to connect to the GinnieNET network via Internet Protocol (“IP”).

2. Document Custodian Transfer Notifications

Upon approving a document custodian request, Ginnie Mae will now provide notification to both the new and former document custodian. Previously only the new document custodian was notified. Both parties will be notified via facsimile.

3. Multifamily Enhancements

In order to accommodate multifamily issuer pooling needs, several new enhancements have been added to GinnieNET 6.0. Among them are the following:

- The option to notify the Mortgage Electronic Reporting System (“MERS”) of the transfer of beneficial rights for loans backing Ginnie Mae securities by providing the MIN;
- The ability to process modified loans issued as LM pools;
- The addition of Rural Housing Service (“RHS”) Section 538 loans as eligible for pooling as Non-Level PN pools (**use of this functionality is pending RHS Section 538 loans being eligible for securitization**);
- Functionality to process PN pools with payment changes;
- Functionality to allow for changes in the security interest rate on Construction Split Rate CS pools during the construction period;
- Address verification edits for street address and zip codes; and
- The ability to issue initial project loan pools (LM, LS, PL, PN and RX) pools and immediately transfer the servicing rights of the pools to another Ginnie Mae issuer.

4. Elimination of the 48-Month Rule

Ginnie Mae will no longer require that single family loans in SF, BD, GPM, GEM, and SN pools have first payment dates within 48 months of pooling, so long as the pool meets the conditions for reasonable homogeneity (see All Participants Memorandum (“APM”) 04-07, Removal of Loan Age Limitation from Ginnie Mae Mortgage-Backed Securities Requirements, dated July 29, 2004). Issuers are reminded that manufactured housing (“MH”) loans continue to be subject to the 48-month rule.

5. Custom Hybrid ARM Pool Types

Ginnie Mae is expanding its hybrid ARM pooling options to give issuers the option to create custom hybrid ARM pools (see APM 04-06, dated July 29, 2004). The following suffixes have been added:

Initial Fixed Rate Period for Hybrids Annual and Life-of-the-Loan Caps	Suffix
3-Year Hybrid ARM, caps 1/5, Single Issuer Pool	C AT
5-Year Hybrid ARM, caps 1/5, Single Issuer Pool	C AF
7-Year Hybrid ARM, caps 2/6, Single Issuer Pool	C AS
10-Year Hybrid ARM, caps 2/6, Single Issuer Pool	C AX

The underlying collateral for custom hybrid ARM pools will include FHA 3-, 5-, 7-, and 10- Year hybrid ARM products, as well as VA 3- and 5-Year hybrid ARM products.

6. ACH Authority

GinnieNET 6.0 will now provide a means for issuers to submit the form HUD 11709A electronically. Electronic submission will eliminate the need for issuers to send hard copy requests. The existing form used in making an ACH change will now be available online via GinnieNET 6.0.

7. Filters to Reject Buydown Loans in GPM and GEM Pools

GinnieNET 6.0 will verify that buydown loans are not included in GPM or GEM pool submissions.

8. Enable Pooling of VA Buydown Loans as Buydown (BD) Pools

Issuers may now submit eligible VA buydown loans with the BD designation. If an issuer selects the BD pool designation and submits VA buydown loans exclusively, GinnieNET 6.0 will apply its edits and return a warning message to the issuer to confirm their intent to issue a BD pool.

9. Facsimile Notification When Pools are Ready

Currently, issuers are notified by telephone when a pool has been issued and delivered to the Depository. With the introduction of GinnieNET 6.0, single-family issuers that issue paperless pools via GinnieNET will now be notified solely via facsimile. Telephone confirmations will be eliminated.

10. Address Verification Edits

GinnieNET 6.0 will now perform a verification edit for the property zip codes (5-digit ZIP) on loans in single-family and multifamily pools. Loans that fail this edit are to receive warning edits, and issuers are required to correct any discrepancies.

11. Amended Targeted Lending Loan Instructions

GinnieNET 6.0 has been updated to recognize all HUD/FHA Section 184 and 248 (tribal trust) loans as eligible for Ginnie Mae's Targeted Lending Initiative program, provided that at least 33.33 percent of the aggregate original principal balance of the loans in a pool qualify for targeted lending status.

12. Removal of the Option to Report Ginnie Mae I Guaranty Fee

Effective with the June 2004 reporting period, Ginnie Mae calculates the monthly guaranty fees due Ginnie Mae, under its Ginnie Mae I MBS program. Previously issuers had to report the amount of guarantee fees due Ginnie Mae using GinnieNET. Therefore, this functionality has been removed from the GinnieNET 6.0 software.

13. Updated GinnieNET User Guide

An updated GinnieNET User's Guide is available as a separate file on the GinnieNET 6.0 installation compact disc. The updated GinnieNET User's Guide will also be available on Ginnie Mae's website at www.ginniemae.gov after August 1, 2004.

Please note that issuers and document custodians must use GinnieNET 6.0 software for all securities (Ginnie Mae I and Ginnie Mae II MBS programs) to be electronically submitted through GinnieNET, with an issue date of September 1, 2004, and thereafter. Issuers and document custodians are strongly encouraged to update the GinnieNET software upon receipt, but no later than August 31, 2004. Consequently, GinnieNET 5.9 will not be supported after August 31, 2004.

Questions regarding this memorandum may be addressed to your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.