



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

GOVERNMENT NATIONAL  
MORTGAGE ASSOCIATION

October 28, 2008

APM 08-21

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Changes to Ginnie Mae's Loan Matching Process

The purpose of this All Participants Memorandum ("APM") is to announce changes to Ginnie Mae's current process for monitoring the accuracy and completeness of loan level data reported by Issuers. In the coming months, certain Issuers will receive notices from Ginnie Mae, described below, informing them of data reporting problems or other related issues that need to be corrected promptly.

Issuers are reminded of the requirement regarding insurance status in Chapter 9, Section 9.1.A of the current MBS Guide 5500.3 Rev 1 ("Guide"): "Each mortgage must be, and must remain, insured or guaranteed." This requirement remains in effect at all times; the provisions of this APM do not in any way relieve Issuers of responsibility under Chapter 9 of the Guide. Defective loans, as defined in the Glossary and Chapter 14-8(D) of the MBS Guide must be substituted or repurchased by the Issuer.

As part of ongoing improvements to Ginnie Mae's risk monitoring procedures, Ginnie Mae currently performs an automated match of certain data elements reported by Issuers to Ginnie Mae in monthly loan level data with corresponding loan level data provided by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA"), or USDA Rural Development ("RD"). The purpose of this loan matching process is to identify loans that may not be insured.

It is critical that Issuers report correct loan data at pooling and in monthly loan level reporting. Issuers are responsible for monitoring and promptly resolving those cases in which loans are reported as non-matching. This information is updated and posted on the Ginnie Mae e-Access website each month. Issuers should regularly consult and use the information on this website to review discrepancies in their loan data and to resolve non-matched loans, independently of any specific notices they receive from Ginnie Mae.

### **Origination Non-Match Notification Process**

Each month, beginning October 2008, Ginnie Mae will review newly originated pools for FHA loans that do not match on certain data elements. Ginnie Mae will send an electronic notice on Ginnie Mae's e-Notification system to Issuers with high percentages of non-matching loans in

these pools. This notice will alert Issuers of the discrepancies regarding these loans and direct them to correct this information in the next loan level reporting period. This notice will also provide Issuers with a link to a list of the loans in question in Ginnie Mae's e-Access system.

Non-matching information on new loans not only indicates that potentially uninsured loans are being included in Ginnie Mae pools, but also indicates possible defects in the Issuer's origination and pooling process. It is therefore particularly important that Issuers provide accurate data on newly originated loans to both the FHA and Ginnie Mae in a timely manner, since missing or incorrect information will automatically cause a non-match.

### **Portfolio Non-Match Notification Process**

Beginning in December 2008, Ginnie Mae will implement a quarterly monitoring process to assess Issuer performance related to outstanding non-matched FHA loans in all pools in an Issuer's portfolio that are six months old or older. With the implementation of this new monitoring process, Issuers with the highest percentage of non-matching loans will receive an electronic notice on Ginnie Mae's e-Notification system. This notice will direct Issuers to correct the problem by either providing copies of valid Mortgage Insurance Certificates, or by substituting or repurchasing the loan if it is not insured. This notice will also provide Issuers with a link to a list of the loans in question in Ginnie Mae's e-Access system.

### **Terminated Loan Notification Process**

In addition to the data matching processes described above, Ginnie Mae has also recently implemented a monthly review of loans in Ginnie Mae pools which appear as "terminated" in the FHA system. This status suggests that either the loan is uninsured, or that there is a serious data problem that requires immediate Issuer attention.

Each month, beginning November 2008, Issuers with loans that appear as terminated in FHA systems will receive an e-Notification informing them that they have one or more "terminated" loans in Ginnie Mae pools. This notice will also provide Issuers with a link to a list of the loans in question in Ginnie Mae's e-Access system. Issuers will be directed to promptly correct the problem by either buying the loan out of the pool, or providing either of the following documents to prove that the loan is currently active and insured:

1. Written confirmation from FHA, such as an e-mail, which indicates that the loan has active insurance; or
2. A screenshot from the FHA SFIS (A-43), FHA Connection, or FHA Neighborhood Watch systems demonstrating that the loan is currently insured.

Ginnie Mae appreciates your cooperation in resolving these discrepancies regarding loan insurance. For additional assistance, Issuers may contact Ginnie Mae Support at 1-888-GINNIE4, Option 5.