



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

February 5, 2002

02-04

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Streamlining of Ginnie Mae's Monthly Reporting Requirements and Update on the Conversion of Ginnie Mae Securities to the Federal Reserve

On January 19, 2002, Ginnie Mae and its business partners successfully converted all Ginnie Mae II Mortgage-Backed Securities ("MBS") from The Depository Trust & Clearing Corporation ("DTCC") to the Federal Reserve Banks ("Federal Reserve"). Ginnie Mae II MBS are now settling on the Federal Reserve's Fed-wire system. As a result of recent changes put in place by Ginnie Mae to accommodate the settlement of Ginnie Mae securities on Fed-wire, Ginnie Mae is now able to streamline certain monthly reporting requirements as described below.

Effective immediately, issuers are no longer required to submit the forms HUD 11714, Issuer's Monthly Remittance Advice, and HUD 11714 SN, Issuer's Monthly Serial Note Remittance Advice, for Ginnie Mae securities held in depository form. However, issuers will continue to be required to timely provide these reports to Ginnie Mae security holders, and to Ginnie Mae where securities are held outside the depository in physical form. These reports are to be transmitted to Ginnie Mae by no later than the eighth business day of the month via GinnieNET, Version 5.5.

Also, effective immediately, issuers are no longer required to submit the form HUD 1710-B, Issuer's Monthly Serial Notes Accounting Schedule, to Ginnie Mae's Data Collection and Risk Analysis Agent, ACS Government Solutions Group, Inc.

Issuers will be required to maintain the information and be able to re-create the information in the same format as the HUD 1710-B, at the issuer's site, for review by Ginnie Mae or its agent, upon request.

Conversion of Ginnie Mae Securities to the Federal Reserve

In preparation for the upcoming conversion of Ginnie Mae I MBS that is scheduled to occur in the months of February and March 2002, issuers are reminded of the need to do the following: 1) provide accurate delivery instructions on requests to issue new pools; 2) properly and timely fund issuer's principal and interest ("P&I") account(s) for payment by ACH debit; and 3) timely update the issuer's security holder register for the transfer of Ginnie Mae I pools between DTCC and the Federal Reserve. Each of the above items is discussed in more detail below.

Providing Proper Delivery Instructions on Securities Settling on Fed-Wire

Issuers originating securities for settlement on the Federal Reserve's Fed-wire system are reminded of the need to provide the proper delivery instructions on the form HUD 11705, Schedule of Subscribers and Ginnie Mae Guaranty Agreement. At a minimum, the clearing bank's American Bankers Association ("ABA") number, and the broker/dealer account information at the clearing bank where the security is to be delivered, must be provided. Issuers are strongly encouraged to contact their Securities Settlement Department to obtain the required information from the appropriate broker/dealer making arrangements for the delivery of their securities. Failure to provide the proper information could result in the delay of settlement of the securities.

Funding of Security Holder Payments to the Depository by ACH Debit

Ginnie Mae issuers are required to have "good funds" in their central P&I account(s) no later than 7:00 a.m. eastern time on the remittance date to fund Ginnie Mae I and Ginnie Mae II principal and interest payments, and prepayment penalty fees on Ginnie Mae I multifamily loans held in depository form. Good funds are defined as funds available for immediate disbursement. This is necessary to assure that ACH debits do not fail as a result of insufficient funds in the central P&I account(s) on the remittance date.

Based on the current conversion schedule, there will be two Ginnie Mae I ACH debits in the month of March 2002. One ACH debit will cover payments due DTCC, and the other will cover payments due the Federal Reserve, based on which depository the securities were held as of close of business February 28, 2002. Beginning in April 2002 and thereafter, there will be only one Ginnie Mae I ACH debit to cover payments due the Federal Reserve, since all Ginnie Mae I securities will have been converted to the Federal Reserve by close of business March 31, 2002.

Transfer of Security Ownership From DTCC to the Federal Reserve

Due to the potentially large volume of transfers of Ginnie Mae I securities that will take place between DTCC (MBSCC & CO) and the Federal Reserve (FRBNY), issuers are reminded that monthly transfer advice information will be available in electronic media (tape) from Ginnie Mae's Paying and Transfer Agent, The JPMorganChase Bank. If you have need for the data in electronic media, please contact Donovan Vassell at (212) 638-6705.

Update to the Mortgage-Backed Securities Guide

Updates to the Ginnie Mae Mortgage-Backed Securities Guide, 5500.3, reflecting the above changes and earlier announced changes resulting from the settlement of Ginnie Mae securities through the Federal Reserve will be forthcoming.

Additional Information

Issuers with questions regarding this memorandum should contact their respective Ginnie Mae Single Family/Manufactured Housing Account Executive on (202) 708-1535, or Multifamily Account Executive on (202) 708-2043. For periodic updates on the ongoing conversion of Ginnie Mae securities to the Federal Reserve, please visit Ginnie Mae's website at www.ginniemae.gov.