

APPENDIX VI-4
FORM HUD 11710-A - ISSUER'S MONTHLY ACCOUNTING REPORT
AND FORM HUD 11710-E - LIQUIDATION SCHEDULE

**SEE APPENDIX VI-19, RFS ISSUER MONTHLY REPORT OF POOL AND
LOAN DATA FOR INSTRUCTIONS AND FILE LAYOUT**

Applicability: Ginnie Mae I MBS Program and Ginnie Mae II MBS Program.

Purpose: To ensure compliance with Ginnie Mae's pool and loan data reporting requirements.

Prepared by: Issuer.

Preparation Instruction:

Data required on the form HUD 11710-A, must be prepared monthly for each pool or loan package and be retained by the Issuer in hard copy or electronic format. Issuers at all times must be able to produce hard copy reports upon request by Ginnie Mae or its agents.

Accompanying Documentation Required

1. Form HUD 1710-B - Serial note pools only (See Appendix VI-12 of the Ginnie Mae MBS Guide.)
2. Form HUD 1710-C - Project loan pools only (See Appendix VI-13 of the Ginnie Mae MBS Guide.)
3. Form HUD 11710-D - All pools and loan packages (required to be filed electronically using *GinnieNET* - (see Section 17-4 of the Ginnie Mae MBS Guide and the *GinnieNET* Issuer Guide).
4. Form HUD 11710-E - All pools and loan packages, reporting loans liquidated during the reporting month (see later instructions in this Appendix).
5. With reports due in March, June, September and December, each issuer must submit a certification using *GinnieNET* that states the rating(s) of the financial institution(s) that maintain the principal and interest custodial accounts (and escrow custodial accounts for multifamily pools only). (The report must identify the rating agency and date of the rating.

Definitions

The following are definitions of important terms used in these instructions. (All references to pools in the following definitions apply to loan packages under the Ginnie Mae II MBS Program as well):

1. **Concurrent Date Pools:** In this type of MBS pool, all the pooled loans have monthly installments “paid up” through the same date as the issue date of the pool. If mortgagor payments for dates on or prior to the issue date are delinquent, they are due to the prior holder of the loan, not the pool. For example, in a pool with an April 1 issue date, all the loans are pooled with scheduled interest and principal installments paid through April 1. The May 1 installments are the initial payments due the pool. Form HUD 11710-A, submitted for the April reporting month, reports installment collections that are due on or after May 1. All pools under Ginnie Mae II (except manufactured home pools or, possibly, pools converted from Ginnie Mae I) are concurrent date pools.
2. **Internal Reserve Pools:** In this type of MBS pool, all the pooled loans have their monthly installments “paid up” through the first day of the month prior to the month of issue. For example, in a pool with an April 1 issue date, the loans are pooled with scheduled interest and principal installments paid through March 1. The April 1 installments are the initial payments due the pool. Form HUD 11710-A submitted for the April reporting month reports installment collections that are due on or after April 1.

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3. **Reporting Cutoff Date:** This date is established by the issuer as the basis for its monthly accounting cycle. The issuer must establish a reporting cutoff date between the 25th of the month and the first business day of the following month, inclusive, which must be applied consistently from month-to-month for all pools. Once established, this date may not be changed without prior written approval from Ginnie Mae. If a cutoff date is established on the first day of the month and that date results in late RPB reporting, Ginnie Mae may require the issuer to set an earlier cutoff date.
 4. **Initial Reporting Month:** This is the first accounting cycle for a pool. It begins with the issue date of the pool and ends on the established monthly reporting cutoff date in the month of issue or, in the case of an issuer with a first-of-the-month cutoff date, on the first day of the month following the month of issue.

Note: A liquidation or curtailment (unscheduled recovery of principal that affects the unpaid pool balance on the Schedule of Pooled Mortgages) must be reported as though the liquidation or curtailment had occurred during the initial reporting month.
 5. **Reporting Month:** This is the interval between the prior month's reporting cutoff date and the close of business on the current month's reporting cutoff date.
 6. **Payment Dates:** Under the Ginnie Mae I MBS Program, for all book-entry securities, the issuer must make available in the central P&I custodial account funds for withdrawal by the depository no later than 45 days after the issue date of the securities, i.e., by the 15th of the month following the initial reporting month. Thereafter, in the case of all book-entry securities, the issuer must make available in the central P&I custodial account funds for withdrawal by the depository no later than the 15th of the month following each reporting month and if the 15th of the month is not a business day, then on the next business day following the 15th of the month. In the case of certificated securities, the initial payments must be delivered to security holders no later than 45 days after security issuance, i.e., by the 15th of the month following the initial reporting month. Thereafter, payments on certificated securities must be delivered to security holders no later than the 15th of the month following each reporting month. Payments on certificated securities are made directly by the issuer. For example, if a pool is issued on April 1, the initial payment must be made available to the depository for ACH transfer on May 15 (or on the next business day if May 15 is not a business day) or received by security holders of certificated securities no later than May 15. Calculations for the initial payment are made on the form HUD 11710-A prepared for the April reporting month. Calculations made on the May reporting month's form HUD 11710-A represent the remittance to be paid to security holders of certificated securities by June 15 or made available to the depository for ACH transfer on June 15 (or on the next business day if June 15 is not a business day).

Under the Ginnie Mae II MBS Program, the initial payments must be remitted to security holders no later than 50 days after the issue date of the securities, i.e., by the 20th of the month following the month of issue. Thereafter, payments must be remitted to security holders no later than the 20th of the month following each reporting month, provided, however, that in the case of all book-entry securities, such payment will be made on the next business day following the 20th if that day is not a business day). Payments are made by the CPTA on behalf of the issuer.

7. **Mortgage Interest Rates:**

- (a) **Ginnie Mae I Pools.** In the case of every Ginnie Mae I pool type except MH pools, all of the mortgages in a particular pool will bear the same mortgage interest rate. The mortgage interest rates on mortgages in an MH pool may vary by an amount described in Chapter 30 of the Guide.

The mortgage interest rate on a mortgage in a Ginnie Mae I pool does not change over the life of the pool.

- (b) **Ginnie Mae II Pools.** In the case of every Ginnie Mae II SF, FS, ARM, GPM, and GEM pool, the mortgage interest rates on the mortgages in the pool are such that the lowest mortgage interest rate in the pool is not more than 100 basis points (for pools issued prior to July 1, 2003) or 50 basis points (for pools issued on or after July 1, 2003) less than the highest mortgage interest rate in the pool. The mortgage interest rates on mortgages in an MH pool may vary by an amount described in Chapter 30 of the Guide.

The mortgage interest rate on a mortgage in a Ginnie Mae II SF, FS, GPM, GEM, or MH pool will not vary over the life of the pool. The mortgage interest rate on an ARM pool may vary in the manner described in Chapter 26 of the Guide.

See the chapters referred to in “Security Interest Rate” below. In the case of any Ginnie Mae I MH pool containing loans bearing different interest rates and in the case of any Ginnie Mae II pool containing such loans, the “mortgage interest rate” is the weighted average interest rate computed in accordance with the instructions under “Miscellaneous Pool Administration Procedures” below.

8. **Security Interest Rate:** This is the interest rate on securities issued. For Ginnie Mae I single-family mortgage loan pools, the security interest rate is .5 percent lower than the mortgage interest rate. For Ginnie Mae I pools of manufactured home loans, project loans, or construction loans, refer to the Ginnie Mae MBS Guide, Chapters 30, 31, and 32, respectively. For Ginnie Mae II pools, refer to the Ginnie Mae MBS Guide, Chapters 24, 26 through 28, and 30.

For adjustable rate mortgages, the security interest rate is the rate applicable for this reporting month (i.e., the rate for mortgage payments due on the first of the month following the reporting month), calculated in accordance with Chapter 26 of the Ginnie Mae MBS Guide.

Instructions for Form HUD 11710-A Issuer’s Monthly Accounting Report

The fully shaded areas on form HUD 11710-A require no entries. Other than the fully shaded areas, do not leave any area blank. If there is no entry for any unshaded or lightly shaded area, a zero (0) must be reported.

In the heading of the form enter for a Ginnie Mae I pool the pool number, and for a Ginnie Mae II pool or loan package the Ginnie Mae commitment number, in both cases along with the reporting cutoff date, reporting month, issuer name, address and zip code, issuer number, and program reporting codes (CD or IR for pooling method used; SF, FS, MH, etc. for pool type; and X, C, or M for type of issue, in that order). All references to pools in these instructions also apply to loan packages issued under the Ginnie

Mae II MBS Program. With respect to loan packages that are part of a multiple issuer pool, this report always refers only to the loan package.

Section 1 - Pool Administration

In this section, the issuer must report activity relating to the pooled loans that occurred during the reporting month.

- A. Balances from last report. Enter the required totals for all pooled loans as of the beginning of the reporting month. These entries must be identical to the totals reported on Line D of Section 1 for the prior month's form HUD 11710-A. On initial reports, enter the totals as reported to Ginnie Mae on the Schedule of Pooled Mortgages.

Note: Preparation errors on the Schedule of Pooled Mortgages could result in situations where the actual balances of pooled loans may be higher (over-collateralized) or lower (under-collateralized) than the balances reported. For both situations, issuers must adjust the pool principal balance reported in Section 1, "Pool Administration" to agree with the trial balance. The adjustment must be made in Section 1, Line C, under "Pool Principal" to increase or decrease the pool principal balance by the amount of the error.

For an over-collateralized pool, if the total amount of the error does not exceed \$100.00, issuers may (1) recover the erroneous payment to security holders from any unscheduled recoveries of principal as they occur in that pool, or (2) reduce scheduled payments of principal for that pool by the amount of the error in the month following the month of occurrence. If the total amount of the error exceeds \$100.00, issuers must recover the erroneous payment to security holders from any unscheduled recoveries of principal as they occur in that pool. The issuer must maintain an explanation of the difference with its records for the pool. Overpayments of interest may not be recovered from security holders.

For under-collateralized pools, issuers must immediately deposit to the pool custodial account an amount equal to the amount of the error and pass these funds through to the security holders directly or, in the case of Ginnie Mae II pools, indirectly through the CPTA. The amount is reported in Section 2, Block D of the Issuer's Monthly Accounting Report.

- B.1 Installment collections. Enter all monthly installments collected (actually received) on pooled loans during the reporting month. Any delinquent or prepaid installment collected must be reported in the month of collection, regardless of the actual due date of the installment. The only exception is on new pools, in instances where delinquent installments are due the issuer.

(Note: In the case of GPM Pools, enter "negative" principal amounts as negative entries.)

- B.2. Additional principal collections (principal curtailments). Enter any principal amounts credited to the mortgage loan, other than a liquidation-in-full, "in addition" to monthly installments. This line includes additional principal collected from mortgagors and any partial FHA, VA, RHS, or § 184 claim settlements that are applied directly against the principal balances of the loans.

For concurrent date ("CD") pools, when an additional principal curtailment is applied to a pooled loan at any time during the reporting month, except when the loan is prepaid in

one month, it is necessary to adjust the current month's scheduled principal remittance to security holders. This is a funded adjustment that is necessary due to the time difference between when the additional principal is applied against the loan and when it is applied to the security balance and passed through to security holders. The time lag creates an imbalance between the mortgage pool balance and the security balance that must be adjusted.

The pool calculations in Section 1 reflect the actual collections received during the current reporting month and any additional principal curtailments. The security balance calculations in Section 2 for the current reporting month are only estimates of the scheduled collections to be received on the first of the following month. If an additional principal curtailment is received, it will serve to immediately reduce the principal balance on which the next month's interest is calculated. This creates an imbalance between the pool balance and security balance equal to one month's interest on the additional curtailment amount (the pool balance will be lower than the security balance). Such an imbalance will continue until corrected.

The necessary adjustment is made as follows:

- (a) multiply the additional curtailment amount by the mortgage interest rate and divide by 12;
- (b) enter the amount determined in step (a) on Line C of Section 1, "Other (+ or -)," in the "Pool Interest" column (the issuer must maintain an explanation of the adjustment in its pool records);
- (c) enter the full amount of the curtailment on Line B.2 of Section 1 and also in Section 2.B;
- (d) enter the amount of the adjustment calculated in (a) above in Section 2, Block D. This amount will then be passed through to investors as principal payment.

Note: Issuers must collect and apply additional principal payments in accordance with the terms specified in the mortgagor's note and security instrument. In situations where a loan is prepaid more than one month, applications of an additional principal payment may necessitate a negative adjustment.

B.3 Liquidations-in-full. Enter the indicated data for any loan liquidated during the reporting month. A liquidation is any transaction that reduces the unpaid principal balance of a loan to zero. A Liquidation Schedule, form HUD 11710-E, must be submitted for each loan liquidated from the pool. The Fixed Installment Control (FIC), Pool Interest, and Pool Principal on Section 1, Line B.3 of the form HUD 11710-A must agree with the totals from the Liquidation Schedules. (See instructions below on the preparation of the Liquidation Schedule.)

C. Other (+ or -) (Maintain explanation with pool records). Entries are made on this line to increase (+) or decrease (-) the Pool Principal, Pool Interest, or Fixed Installment Control balances. Each entry must be supported by a detailed explanation that the issuer must maintain in their pool records.

This “Other” line is also used in accounting for mortgage loan substitutions in the original mortgage pool. (Substitutions must have the prior written approval of Ginnie Mae.) Note that changes in fixed installment control amounts and in unpaid principal balances relating to mortgages removed from the pool must not be reported here, but as liquidations-in-full in Section I, Line B.3. The amounts entered on Line C for the Fixed Installment Control and unpaid principal balances of mortgages added to the pool will be offset by the amounts entered on Line B.3.

A copy of the Schedule of Pooled Mortgages, indicating the document custodian’s certification that it has received the required documentation for the added mortgages, must be submitted with an explanation of the substitution.

For GPM or GEM pools, an adjustment is to be reported in the “Fixed Installment Control” column. Issuers may compute this adjustment using form HUD 11748-A. Such FIC adjustments should be reported to reflect changes scheduled during the next reporting month; e.g., the January report will reflect changes scheduled to occur in February. This step is necessary, when a GPM or GEM FIC change is scheduled to occur, in order to ensure that the FIC entry in Line A of the next month’s report will coincide with the expected mortgage installment collections.

For 1-Yr ARM pools, an adjustment is to be reported annually in the Fixed Installment Control column, as shown on form HUD 11748-C. Hybrid ARM pools will require an adjustment at the end of the initial fixed rate period, and annually thereafter. Such FIC adjustments should be reported to reflect changes scheduled during the next reporting month; e.g., the March report will reflect changes scheduled to occur in April. This step is necessary when an ARM FIC change is scheduled to occur, in order to ensure that the FIC entry in line D of this month and Line A of the next month’s report will coincide with the expected mortgage installment collections.

The adjustment is the difference between: (1) the beginning FIC as reported and (2) an FIC calculated by using the new mortgage interest rate(s) but the same remaining principal balance and number of periods remaining on each mortgage as was used to calculate the beginning FIC. For APM pools an adjustment is to be reported in the Fixed Installment Control column, as computed on form HUD 11748-C.

- D. Balances this monthend (Item A less Items B.1 through C). The ending balances must be the same as the opening balances on the succeeding month’s report and must agree with the issuer’s trial balance. (On GPM, GEM or ARM pools, the monthend FIC may not agree with the trial balance because FIC changes are made as scheduled, not as the payments are collected.)
- E. This line consists of delinquency information required by Ginnie Mae to evaluate an issuer’s MBS administration activities.
1. Total Number Delinquent. Enter the number of loans that are delinquent as of the reporting cutoff date. This number will be the total of the first three categories under “Installments Delinquent.” (Do not include loans included under “Foreclosure”.)

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2. Percent Delinquent. Enter the ratio, expressed as a percentage, of the total number of delinquent loans, excluding loans in foreclosure, divided by the total number of mortgages in the pool (Section 1, Line D). The percentage must be rounded to the nearest tenth of a percent.
 3. Installments Delinquent. Enter the number of delinquent loans in categories of “One”, “Two”, or “Three or More” months delinquent and in “Foreclosure”. A delinquent loan should be entered in only one category. A loan is considered in “foreclosure” when action has been initiated to liquidate the loan or to assign the loan to FHA, VA, RHS, or PIH.
- F. Amount Prepaid. Enter respectively the interest and principal portions of monthly installments that have been collected where the due dates of the installments are later than the current reporting month.
- G. Amount Delinquent. Enter respectively the interest and the principal portions of unpaid installments that are delinquent or in foreclosure as of the reporting cutoff date.
- H. Servicing Fee. Enter the dollar amount of the servicing fee, which is calculated as follows:
1. Total interest actually collected for the reporting month (reported at Section 1, Lines B.1, B.3, and C under Column “Pool Interest”); multiplied by
 2. The servicing fee rate; divided by
 3. The interest rate on the mortgages in the pool or loan package.

Note: For GPM pools, the interest deferred on loans for which payments have been received during the current reporting month is added to the total interest collected as determined in H.1. above. This information is provided for in the GPM amortization schedule.

The servicing fee rate is determined as follows:

1. For Ginnie Mae I single family loan pools, and Ginnie Mae II single family loan pools issued prior to July 1, 2003, where all the mortgages in the pool or loan package have the same interest rate, which is 50 basis points above the securities interest rate, the servicing fee rate is .5 percent.
2. For Ginnie Mae II pools or loan packages issued on or after July 1, 2003, where all mortgages in the pool or loan package have the same interest rate, which is 25 basis points above the securities interest rate, the servicing fee rate is .25 percent.
3. For Ginnie Mae II single family loan pools, where all of the mortgages in a pool or loan package do not have the same interest rate, the servicing fee rate is determined by subtracting the securities interest rate from the interest rate on each individual mortgage in the pool or loan package. In such cases, the servicing fee must be calculated on a loan by loan basis or in groups of mortgages with like interest rates.

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4. For project loan, construction loan, and manufactured home loan pools, the servicing fee rate is the rate specified in the Guide that is applicable on the issue date of the related securities. Issuers should always report the gross servicing fee taken (based on the spread between the mortgage rate(s) and the pass-through rate) without regard to the amount of guaranty fee paid.

Section 1A - Format for Calculating Mortgage Principal Installments Due this Month

(*Note:* Calculations using interest rate factors must carry the interest rate out to the eighth decimal place.)

- A. Fixed Installment Control): Enter the FIC as reported in Section 1, Line A of the current month's report.
- B. Interest: Enter the amount of interest calculated by multiplying the opening securities balance, Section 3, Line A, "Principal amount of securities from last report," by the mortgage interest rate and dividing by twelve (12). For AR and AQ pools, the mortgage interest rate is subject to change annually as computed on form HUD 11748-C, while the AT, AF, AS and AX pools are subject to change annually once the initial fixed rate period has expired.
- C. Scheduled Principal (Line A minus B). Enter the result of subtracting the interest calculated in Block B from the FIC entered in Block A. This sum represents the scheduled principal to be passed through to security holders by the payment date in the month following the reporting month. (For GPM pools, this amount may be negative.)
- D. Weighted Average Interest Rate (if applicable). If loans with different interest rates are included in the same pool or loan package, enter the weighted average interest rate computed as described in the "Miscellaneous Pool Administration Procedures" section below.

Section 2 - Schedule of Payments (Principal and Interest)

- A. Scheduled Principal. Enter the amount of scheduled principal due security holders as calculated in Section 1A, Block C. (For GPM pools, this amount may be negative.)
- B. Additional Principal. Enter the amount reported in Section 1, Line B.2, "Additional principal collections."
- C. Liquidations. Enter the amount of the "Liquidation Balance" as calculated on the Liquidation Schedule, form HUD 11710-E. This entry represents the unpaid principal balance(s) at the time of liquidation (Section 1, Line B.3), adjusted for payments of scheduled principal previously passed through to security holders.
- D. Other (+ or -) (Attach Explanation). Entries must be made in this block to adjust or correct the principal remitted to security holders. For example, corrections may be made for miscalculated scheduled principal payments or incorrect liquidation balances previously remitted to security holders. Adjustments may be made for additional principal payments in concurrent date pools or FIC changes on GPM or GEM concurrent date pools. Each entry in this block must be supported by a detailed explanation submitted with the report.

For concurrent date GPM or GEM pools, the adjustment made for FIC changes must be identical to the entry made in Section 1, Line C, “Fixed Installment Control.”

- E. Total Principal (A through D). Enter the sum of the figures in Blocks A through D. This sum is the aggregate amount of principal to be passed through to security holders. (For GPM pools, this amount may be negative.)
- F. Cash distribution due holders for interest (Interest rate used _____ %). Enter the amount of interest due the security holders calculated by multiplying the “Principal amount of securities from last report”, Section 3, Line A, by the security interest rate and dividing by twelve (12). The interest rate used for this calculation must be entered in the blank space provided in this section of the form. For ARM pools, the securities interest rate is subject to change annually once the initial fixed rate periods have expired, or computed on form HUD 11748-C.
- G. Total cash distribution due holders (Line 2E + 2F). Enter the sum of Lines E and F of Section 2. For Ginnie Mae I pools, the total cash distribution reported on this line is the sum of the amount to be made available to the depository, in the case of all book-entry securities, and the amounts to be remitted to security holders, in the case of certificated securities. The funds shall be made available to the depository, the security holder of book-entry securities, as required by the Ginnie Mae MBS Guide. Similarly, remittance payments must be received by certificated security holders no later than the 15th of the month following the reporting month. This remittance must be accompanied by the Issuer’s Monthly Remittance Advice, form HUD 11714. (See Appendix VI-10 of the Ginnie Mae MBS Guide). For Ginnie Mae II pools or loan packages, this amount must be made available to the CPTA as required under the Ginnie Mae MBS Guide.
- H. Deferred interest paid holders (GPM only). For GPM pools only, enter the amount included in Sections 2A, 2B, and/or 2C that is attributed to interest previously deferred and added to the principal of each loan that was paid to security holders in the current reporting month.

Section 3 - Principal Amount of Securities

- A. Principal amount of securities from last report. Enter the “Principal amount of securities this monthend” from Section 3, Line D of the previous month’s report. On reports for the initial reporting month, enter the total unpaid principal balance as reported to Ginnie Mae on the Schedule of Pooled Mortgages.

Section 3, Line A is the basis for calculations performed in: Section 1A, Block B, “Pool Interest”; Section 2, Line F, “Cash distribution due holders for interest”; and Section 4, Line A, Ginnie Mae guaranty fee.

- B. Principal distributed to holders this report (Section 2E). Enter the total principal amount reported in Section 2, Line E. (For GPM pools, this amount may be negative.)
- C. Serial Notes-Principal available for distribution to holders. Enter the amount reported on issuer’s Monthly Serial Notes Accounting Schedule, form HUD 1710-B, Schedule II, Line C. This line is to be used for Serial Note pools only. An Issuer’s Monthly Serial

Notes Accounting Schedule, form HUD 1710-B (see Appendix VI-12 of the Ginnie Mae MBS Guide), must be submitted with the Issuer's Monthly Accounting Report.

- D. Principal of securities this monthend. Reduce the balance reported on Line A by the amount on Line B. In the case of GPM pools, if the amount entered on Line B of this section is negative, the balance on Line A is increased by the amount on Line B. For Serial Note pools, the balance on Line A is reduced by the amount on Line C.

Section 4 - Remittance Calculation for Ginnie Mae (Guaranty Fee Rate ____%)

Enter the appropriate guaranty fee rate for this type of issue in the blank space provided on the form.

- A. Ginnie Mae guaranty fee. Enter the amount of the guaranty fee calculated by multiplying the "Principal amount of securities from last report," Section 3, Line A, by the guaranty fee rate and dividing by twelve (12).
- B. Other. Entries will be made on this line to correct a previous month's guaranty fee. If this line is used, the sum of the amounts on Lines A and B will be the amount of guaranty fee to be remitted (in the case of Ginnie Mae I pools) with the Issuer's Monthly Accounting Reports. Entries on this line must be supported by an explanation maintained by the issuer in the records for the pool.

Section 5 - Status of Custodial Funds

- A. Name and Address of Custodial Banks. Enter the name and address (city, state and zip code) of the bank or banks where the principal and interest and the escrow custodial accounts have been established, and their respective account numbers.
- B. Composition of fund balance at monthend.
1. Escrow Funds. Enter the total tax and insurance funds applicable to the mortgages in this pool as of the reporting cutoff date. Include in the amount shown any funds advanced by the issuer for individual mortgage deficit escrow balances and any insurance loss drafts held for the pooled mortgages.

Funds held in a separate escrow custodial account by the issuer, including FHA § 203(k) rehabilitation funds, construction loan funds for § 184 loans, deeds of trust or lease contracts, buydown funds provided by the issuer, or escrowed funds associated with multifamily pools are not to be included in this amount. For instructions on the reporting of these funds, see "Miscellaneous Pool Administration Procedures" at the end of this Appendix.
 2. Principal and Interest. Enter the amount calculated by adding the total receipts deposited to the principal and interest custodial account this month, as reported in Section 1, to the prior month's Section 5, Line B, "Principal and Interest" and deducting the "Total cash distribution due holders" reported in Section 2, Line G of the prior month's report, and servicing fees as applicable. (Note: The remittance to security holders, although calculated in the previous month, was not actually paid until this month.) If the calculated balance is a deficit, report it as a negative (-) entry in this block.

If “excess” funds associated with other pools are included in the same custodial account, they may be used in lieu of issuer advances for the subject pool if, under the Ginnie Mae I MBS Program, the guaranty agreement for the pool, or supplemental agreement applicable to the pool, provides for such usage, or, in the case of Ginnie Mae II pools or loan packages, if so permitted under an applicable guaranty agreement or the Ginnie Mae MBS Guide. If the total of the principal and interest balances in the pool account, including “excess” funds for all eligible pools in the account, is less than zero, the issuer must advance sufficient corporate funds to offset the aggregate deficit balance in the account.

When reporting the status of principal and interest custodial funds on form 11710-A for pools included in the same custodial account, the issuer must report each pool’s calculated principal and interest balance on its form 11710-A in Section 5, Line B, “Principal and Interest.” The amount of corporate funds advanced to this account must be reported in Block 3, marked “Other,” of Section 5, Line B of the form 11710-A report submitted for the lowest numbered pool for which funds are included in the same custodial account.

3. Other. Enter the total amount of all security holder checks that have not been delivered to the holder as of the reporting cut off date or that have been outstanding for in excess of six months at the reporting cut off date and that should have been returned to the principal and interest custodial account. Also enter any amounts of miscellaneous funds such as late charges, assumption charges, unapplied receipts from HUD and all advances made by the issuer or Ginnie Mae that are in the principal and interest custodial account as of the reporting date. Adequate supporting records should be maintained.

Reconciliation of the Aggregate Unpaid Principal Balances of the Pooled Loans to the Outstanding Securities Balance

The Mortgage-Backed Securities Program is based upon the concept of a pool of loans used as collateral for securities issued against that pool. Therefore, the amount of principal remitted to security holders must correspond to the principal applied to the pooled loans. Issuers of mortgage-backed securities must be able to reconcile the total of the unpaid principal balances of the pooled mortgages to the outstanding principal balance of the securities issued. The reconciliation procedure, applicable to all types of mortgage-backed securities pools except Serial Note pools, is given below.

	Pool Principal Balance (“Pool Principal — Balances this monthend,” Section 1, Line D)
(Plus)	Prepaid Principal (“Amount Prepaid,” Section 1, Line F)
(Minus)	Delinquent Principal (“Amount Delinq.,” Section 1, Line G)
(Minus)	Concurrent date pools only: Scheduled Principal (Section 1A, Block C)
(Plus)	Concurrent date pools only: Last Liquidation Principal Installment (“Principal remitted” portion of last installment reported on Liquidation Schedule, form HUD 11710-E)
(Minus)	Concurrent date pools only: Additional Principal Adjustment or FIC change for GPM Pools (“Other,” Section 2, Block D)
(Equals)	Security Principal Balance (“Principal of securities this monthend,” Section 3, Line D)

Differences may arise in the reconciliation between the pooled loan balance and the outstanding securities balance due to additional principal payments or rounding. Such differences shall not exceed \$1.00 for

each loan in the pool up to a maximum of \$50.00 per pool. Any greater difference must be funded to the pool in the current report. At least once a year, adjustments to the security holders payments must be made in Section 2, Block D of form HUD 11710-A to fully correct for any differences.

Instructions for Form HUD 11710-E Liquidation Schedule

Form HUD 11710-E, Liquidation Schedule, must be completed whenever a loan is liquidated. A liquidation is any transaction that reduces the unpaid principal balance of a loan to zero. One form HUD 11710-E must be submitted for each liquidation.

Heading of Form

Enter the issuer ID number, reporting month, pool number, constant P&I, FHA, VA, RHS, or § 184 case number (must be same number as appears on Schedule of Pooled Mortgages), date of loan liquidation, loan type, and mortgage interest rate in the blocks provided. For GPM or GEM pools, the loan number must reference the FHA-VA case number for the liquidated mortgage. For GPM, GEM, or ARM pools, the constant P&I must be the last constant used for loan amortization calculations on the Liquidation Schedule.

Issuers are required to report the reason a loan is being liquidated from a Ginnie Mae pool by designating one of the six standard “Reason for Removal” codes. The definition of each of the six codes is as

follows:

- A. Mortgagor Payoff: Funds were received from the mortgagor to pay off the loan in full.
- B. Repurchase of Delinquent Loan: Issuer funds were used to repurchase the loan from the pool as a result of 90-day or more continuous delinquency. This reason code is not to be used for loss mitigation.
- C. Foreclosure with Claim Payment: Loan was liquidated from the pool because insurance/guaranty funds were received from FHA, VA, RHS, or PIH.
- D. Loss Mitigation: Loan was repurchased from a pool under the conditions specified in Chapter 18: Mortgage Delinquency and Default, Section 18-3(B): Repurchase of Certain Loans, with the expressed intention of performing loss mitigation procedures as specified by FHA, VA, RHS, or PIH.
- E. Substitution: A defective loan is removed from the pool and replaced with an eligible loan, or when the issuer is correcting for an over-collateralization by means of loan substitution. All loan substitutions must have the prior approval of Ginnie Mae.
- F. Other: When a loan is liquidated for any reason other than the above, including the repurchase of a defective loan without a substitution. All loans liquidated for a reason code of “Other” must have prior approval of Ginnie Mae.

Calculation of Interest Due the Pool and Principal Remitted to Security Holders

This section of the form is used to determine the amount of interest due the pool and the amount of principal to be remitted to security holders. For internal reserve pools, the pool is due interest through the last day of the month prior to the reporting month, and security holders are due the principal balance after

application of the principal installment due on the first day of the reporting month. For concurrent date pools, the pool is due interest through the last day of the reporting month and security holders are due the principal balance after application of the principal installment due on the first day of the month following the reporting month.

LINE 1:

- Payment Due Date: Enter the due date of the last principal and interest installment received from the mortgagor.
- Balance: Enter the amount of the principal balance remaining on the loan after application of the last installment received from the mortgagor.

SECOND and Succeeding Lines:

- Payment Due Date: For internal reserve pools, enter the payment due date of all principal and interest installments due from the last paid installment entered in Line 1 through the installment due on the first day of the reporting month. For concurrent date pools, enter the payment due dates of all principal and interest installments due from the last paid installment entered in Line 1 through the installment due on the first day of the month following the reporting month.
- Interest Due: Enter the calculated interest due for each scheduled installment. For each payment due, interest is calculated by multiplying the preceding line's "Balance" by the mortgage interest rate and dividing by twelve (12). For GPM pools, although the expected monthly payment may be less than the calculated interest due, enter the calculated interest due on each line.
- Principal Remitted: For each line, enter the result of subtracting the "Interest Due" from the constant P&I for this mortgage. The amounts in this column represent principal that has been remitted to security holders each month as part of the "Scheduled Principal" but not collected from the mortgagor. For GPM pools, the "Principal Remitted" may be negative. Also, for GPM, GEM, or ARM pools, if one or more of the "Payment Due Dates" listed is an anniversary date on which the mortgage's constant is scheduled to change, use the new constant for the appropriate "Payment Due Date" lines.
- Balance: Enter the result of subtracting the "Principal Remitted" from the previous line's "Balance".
- Total Interest Due (Last Line): Enter the sum of the amounts in the "Interest Due" column.
- Principal Remitted (Last Line): Enter the sum of the amounts in the "Principal Remitted" column.
- Liquidation Balance: Enter in this area the last entry in the "Balance" column. This amount must always equal the difference between the "Balance" reported on Line 1 and the total "Principal Remitted" from the last line.

Complete funding of any liquidation transaction is accomplished by deposit into the principal and interest custodial account, the sum of the Balance reported on Line 1 of the Liquidation Schedule and the "Total Interest Due." When the actual interest collected from the mortgagor or from the FHA, VA, RHS, or PIH is less than the "Total Interest Due", that interest

deficiency must be funded by the issuer. When the actual interest collected is greater than the “Total Interest Due”, that excess interest may be retained by the issuer.

Data to be reported on form HUD 11710-A, the Issuer’s Monthly Accounting Report, from corresponding fields on form HUD 11710-E (shown in parenthesis) are as follows:

Section 1.B.3: Fixed Installment Control (Total Interest Due plus Balance, Line 1);

Section 1.B.3: Pool Interest (Total Interest Due);

Section 1.B.3: Pool Principal (Balance, Line 1);

Section 2.C: Liquidations (Liquidation Balance).

Miscellaneous Pool Administration Procedures

1. **Disposition of FHA, VA, RHS, or § 184 Claim Settlements.** Any FHA, VA, RHS, or PIH foreclosure claim settlements received on pooled loans must be immediately deposited into the pool’s principal and interest custodial account. The issuer shall use one of the two following alternatives for the disposition and reporting of partial claim settlements. Disposition must be made in the month following the month in which the claim benefit is received.
 - a. The entire amount of the claim settlement is applied directly against a loan’s unpaid principal and passed through to security holders as an unscheduled recovery of principal. In reporting this transaction on form HUD 11710-A, the partial claim settlement must be treated as an additional principal collection in Section 1, Line B.2. This option requires the issuer to report, in the “Amount Delinq.” in Section 1.G., the interest and principal distribution of delinquent installments as they were passed through to security holders in scheduled remittances. Computation of these installments is facilitated by preparing and maintaining a “partial” liquidation schedule for the loan, using form HUD 11710-E, reflecting the interest and principal that has been remitted previously to security holders. When the final claim settlement is received, the loan must be completely liquidated from the pool in the month following the month in which the final settlement is received.
 - b. The issuer uses the funds received in the partial claim settlement together with sufficient corporate funds to completely liquidate the loan from the pool by paying security holders the full unpaid principal balance of the loan.
2. **Weighted Average Interest Rate.** When manufactured home loans with different face rates are included in a single pool under Ginnie Mae I, and when loans with different face rates are included in a single pool or loan package under Ginnie Mae II, the issuer must use the following reporting method when submitting form HUD 11710-A:

‘Issuers file a single form HUD 11710-A report each month for the pool using a weighted average interest rate to compute the amount of interest reported in Section 1A, Block B. The weighted average interest rate is computed as follows:

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- (1) Multiply the total “normalized” principal balance (i.e., the hypothetical current principal balance for the loans—regardless of delinquent or prepaid amounts—after application of the installments due on the first of the month prior to the reporting month for internal reserve pools or after application of the installments due on the first day of the reporting month for all other loans) for each group of loans at a particular interest rate by the face interest rate for that group;
 - (2) Sum the resulting products;
 - (3) Divide that sum by the total of the “normalized” pool balances. The resulting weighted average interest rate must be expressed in six significant figures (xx.xxxx percent) and be reported on the form HUD 11710-A in Section 1A, Block D.

Note: If the total of the actual loan balances reconciles exactly to the securities balance (see reconciliation procedures above), the total “normalized” principal balance for the pool used in determining the weighted average interest rate for the current reporting month equals the opening securities balance reported in Section 3.A. of the current reporting month’s form HUD 11710-A.

Issuers must recompute the weighted average interest rate monthly. This step is necessary in order to take into account the changing amounts of amortization, liquidations, and additional principal payments, all of which may cause the rate to change.

3. **Special Reporting on Other Escrow Custodial Accounts.** FHA § 203(k) rehabilitation funds, construction loan funds for § 184 loans, deeds of trust or lease contracts, buydown funds provided by the Issuer, and escrowed funds associated with multifamily pools must each be held in a separate escrow custodial account, using a Master Agreement for Servicers’ Escrow Custodial Account, form HUD 11720. Each month, the issuer must prepare, on a separate sheet of its company letterhead, a reconciliation of each such account that includes the following:

- a. Pool number
- b. Name and address of depository institution and account number
- c. Beginning balance
- d. Summary deposit and withdrawal activity with explanation
- e. Ending balance
- f. An authorized signature

This reconciliation statement must be retained by the Issuer and be included in the HUD 11710-A package of forms.