

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

17-1: OVERVIEW OF CHAPTER

This chapter describes the monthly accounting and reporting requirements for approved Issuers. It explains how the Issuer's monthly reporting cut-off date is determined, and identifies the forms and reporting methods available to the Issuer community. In addition, this chapter describes Issuer obligations for all attendant document retention and reconciliation procedures.

17-2: ACCOUNT AND RECORD MAINTENANCE

All accounts and records relating to the pooled mortgages and securities must be maintained in accordance with sound accounting practices, and in a manner that will permit Ginnie Mae or its representatives to examine and audit them at any reasonable time.

17-3: MONTHLY REPORTING CUT-OFF DATE

Each Issuer must establish a monthly reporting cut-off date for purposes of making payments to security holders, for reporting RPBs, and for discharging its accounting responsibilities as stated in this chapter. Upon acceptance into the Ginnie Mae program, Issuers are required to select a cut-off date and are expected to apply this date consistently. The monthly reporting cut-off date must be between the 25th of the month and the first business day of the following month. Once established, this cut-off date will apply to all of the Issuer's pools and loan packages. As noted, the stated cut-off date must be utilized consistently, and may not be changed without the prior written approval of Ginnie Mae's Office of Mortgage-Backed Securities (see Addresses). If, for instance, an Issuer were to establish the first day of the month as its monthly reporting cut-off date, and then fail to report its RPBs in a timely fashion, Ginnie Mae may require the Issuer to establish an earlier monthly reporting cut-off date.

The period beginning the day after a monthly reporting cut-off date and continuing through the next monthly reporting cut-off date is referred to in this Guide as either the "reporting month" or "monthly reporting period."

17-4: MONTHLY POOL REPORTING REQUIREMENTS

Each Issuer must report monthly for each of its pools and loan packages, regardless of type, the pool accounting data called for on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) and the Liquidation Schedule, form HUD 11710-E (Appendix VI-4).

The Issuer must submit forms HUD 11710-A and HUD 11710-E by (a) magnetic tape, (b) diskette or compact disc (CD), (c) the Ginnie Mae Data Exchange Bulletin Board System (BBS) or through (d) Ginnie Mae's Web-based Issuer Information System (Web IIS). Appendix VI-4 provides specifications and record layouts for all reporting media. If an

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Issuer fails to apply those standards, and the failure results in the consistent rejection of the Issuer's reports, Ginnie Mae may apply program sanctions against the Issuer until compliance is obtained.

The Issuer must also transmit the Monthly Summary Report, form HUD 11710-D (Appendix VI-5) and any revisions to the report electronically, using *GinnieNET*. Any supplemental reports or explanations (not including the quarterly certification described in Section 16-8) that were previously submitted in hard copy form, must be retained by the Issuer for review by Ginnie Mae or its agents.

Additional or alternative reports, if any, that are required in connection with a particular pool or loan package type, are described in Chapters 24 through 32.

The monthly reports other than form HUD 11710-D, along with any required supporting documents, must be sent to the Ginnie Mae Reports Group (see Addresses) so that they will be received by the 10th calendar day of the month following the month covered in the report. Issuers may not send these reports directly to Ginnie Mae. The form HUD 11710-D must be transmitted using *GinnieNET* on the 10th calendar day of the month following the month covered in the report.

All required supporting documentation must be maintained by the Issuer.

(A) Reporting by Different Media

The requirements for reporting by each of the available media, other than *GinnieNET*, are summarized below:

- (1) Magnetic tape, diskette or CD reporting:
 - (a) An Issuer must provide written notice to, and obtain written confirmation from, the Ginnie Mae Reports Group (see Addresses) prior to the submission of reports on magnetic tape, diskette or CD.

The notice must be accompanied by a magnetic tape, diskette or CD containing the current month's accounting report data prepared in accordance with instructions to the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4). This sample tape, diskette or CD will be used to determine whether it can be processed satisfactorily.
 - (b) After receiving the Ginnie Mae Report Group's confirmation, Issuers must submit in one of the

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- approved media formats: magnetic tape, diskette or CD format.
- (c) Magnetic tapes, diskettes or CD's must be submitted directly to the Ginnie Mae Reports Group (see Addresses).
 - (d) Copies of submitted tapes, diskettes or CD's must be maintained by the Issuer for at least 90 calendar days following the submission date.
- (2) BBS or Web IIS reporting:
- (a) Issuers may submit their monthly pool and loan package data using the BBS. This system allows Issuers to submit data over conventional telephone lines.
 - (b) Alternatively, an Issuer may use the Web IIS that assists Issuers in preparing and submitting their monthly pool and loan package accounting data. In addition, the file transmit function of Web IIS can be used to facilitate the submission of data via Ginnie Mae's web site.
 - (c) Issuers should contact the Ginnie Mae Reports Group (see Addresses) for information and registration to access either of these systems.

(B) Submission of Corrected Monthly Accounting Data

Issuers must submit corrections to their forms HUD 11710-A and HUD 11710-E (and any pool-specific monthly reporting forms) using magnetic tape, diskettes, CDs, BBS, or Web IIS. Formats, distribution, and specifications are identical to those required for the initial monthly submission (see Appendix VI-4).

- (1) Each correction tape, diskette or CD submitted must be clearly labeled as containing corrections and must contain only corrections.
- (2) All corrected data must be received by the Ginnie Mae Reports Group no later than the 10th business day of the month following the reporting month for which the report is made.

Note that the amount reported at Section 3, Line D of form HUD 11710-A (Appendix VI-4), which must be submitted by the 5th business day of each month, must be identical to the RPB reported through the 4th business day of the month.

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- (3) The Issuer must maintain an explanation for any form HUD 11710-A with entries to Section 1, Box C ("Other") in excess of \$100.
- (4) Each corrected or revised submission must be accompanied by a brief description of the changes. In addition, the Issuer must submit by GinnieNET a corrected form HUD 11710-D.

(C) Retention of Paper Copies

An Issuer must, at all times, be able to produce paper copies of the reports required in this Section 17-4 and any supplemental reports and explanations. Ginnie Mae is likely to request a hard copy of these documents during its periodic on-site audits of Issuers.

(D) Reconciliation

The following monthly data submitted by an Issuer must be in agreement each month:

- (1) Principal payments:
 - (a) the sum of the entries in Section 2, as reported in Block E, entitled "Total Principal," of the Issuer's Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4), submitted in that month;
 - (b) the entry under "Due Holders – Total Principal (9)" in the Issuer's Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month;
 - (c) the principal paid to security holders on the payment date in that month must equal the difference between the RPB reported for the current payment month and the RPB reported for the immediately preceding month; and
 - (d) in the case of Ginnie Mae I MBS only, the sum of the entries on lines A, C, and D of the Issuer's Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of an SN pool, the sum of the entries on line C of the Issuer's Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.
- (2) Interest payments:
 - (a) the sum of the entries in Section 2, line F, entitled "Cash distribution due holders for interest," on the Issuer's Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4),

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- submitted in that month;
 - (b) the entry under “Due Holders - Total Interest (10)” in the Issuer’s Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month; and
 - (c) in the case of Ginnie Mae I MBS only, the sum of the entries on line B, entitled “Cash distribution due Security Holder for interest,” on the Issuer’s Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of SN pools, the sum of the entries on line A, entitled “Cash distribution due Security Holder for interest,” on the Issuer’s Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.
- (3) Remaining Principal Balances (RPB):
- (a) the sum of the entries in Section 3, line D, entitled “Principal of securities this month end,” on the Issuer’s Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4), submitted in that month;
 - (b) the entry under “Total Security Principal Balance (8),” on the Issuer’s Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month;
 - (c) the RPB reported to the CPTA in that month; and
 - (d) in the case of Ginnie Mae I MBS only, the sum of the entries on line G, entitled “Outstanding balance of this certificate after credit of the above distribution,” on the Issuer’s Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of SN pools, the sum of the entries on line E, entitled “Outstanding balance of this certificate after credit of the above distribution,” on the Issuer’s Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.

(E) Reporting Buydown Funds

Funds due from a provider of buydown funds must be accounted for as if they were due from the mortgagor. These receipts need not be reported separately on the Issuer’s

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Monthly Accounting Report, form HUD 11710-A (Appendix VI-4), but may be aggregated with receipts from the mortgagor.

(F) Reporting Differing Mortgage Interest Rates

When loans with different face interest rates are included in a single pool or loan package, the Issuer must prepare a single form HUD 11710-A each month using the “weighted average interest rate,” which is described in the instructions to Appendix VI-4.

17-5: LOAN LEVEL REPORTING REQUIREMENTS

(A) Loan Level Accounting

At any time, and for each pooled mortgage, the Issuer’s servicing system must be capable of producing an accounting that identifies the applicable Ginnie Mae pool or loan package number. These accounting procedures must also provide a chronological transcript itemizing the following:

- (A) the monthly installment due dates;
- (B) the amount and date of each collection, disbursement, advance, adjustment, or other transaction affecting the amounts due from or to the mortgagor; and
- (C) the latest outstanding balances of principal, deposits, advances, and unapplied payments.

(B) Loan Level Reporting

Each Issuer must also submit loan level data on a monthly basis. Loan level reporting data must reconcile with the monthly accounting report submitted on the Issuer’s Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) for the applicable reporting month. The requirements for an Issuer are as follows:

- (1) Loan level reporting must be submitted by Electronic Data Interchange (EDI) on or before the 5th business day of the month. Hard copy reports are not acceptable.
- (2) Reports by EDI must be submitted to the Ginnie Mae Reports Group. (See Addresses).
- (3) The Issuer must, at all times, be able to produce hard copy reports at the request of Ginnie Mae or its agents. It is likely that requests for hard copy reports will be made during both scheduled and unscheduled Issuer reviews.
- (4) In reporting monthly loan level data by EDI, each Issuer must adhere to American National Standards Institute’s ASC X12 203 (version 3060) transaction

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set, the Secondary Mortgage Market Investor Report.

- (5) Each Issuer must implement and use EDI in compliance with the “Ginnie Mae EDI Implementation Guide” (EDI Guide), which can be obtained by calling the EDI Hotline (see Addresses) or from the Ginnie Mae world wide web site at “www.ginniemae.gov.”
- (6) Prior to using EDI to report monthly loan level data, each Issuer must execute and submit an Electronic Data Interchange Systems Agreement, and it must be received and acknowledged by Ginnie Mae’s EDI Coordinator. Issuers that have executed this Agreement with the Ginnie Mae Customer Service Unit in connection with the use of GinnieNET may satisfy this requirement by forwarding a copy of the Agreement to the EDI Coordinator.
- (7) An Issuer must maintain the data and be able to generate the EDI medium for 90 days following the shipping date.

(C) Test EDI Procedures

An Issuer that does not use a service bureau or third-party software vendor to submit its loan-level reports must successfully complete three test submissions of its EDI-translated data before using EDI to submit actual loan level data. The testing procedures are explained in the EDI Guide.

An Issuer that uses a service bureau or third-party software vendor must successfully complete only a single test of its entire loan portfolio. The service bureau or vendor, however, is required to complete the three test submissions prescribed in the EDI Guide. It remains the Issuer’s responsibility to ensure that monthly loan-level data is submitted using EDI.