

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

19-1: OVERVIEW OF CHAPTER

Once a month, Issuers are required to report to Ginnie Mae, as of their monthly reporting cut-off date, the aggregate security remaining principal balances (RPB) for each of their pools and loan packages. Ginnie Mae then uses this RPB data to compute “factors” for each pool. A factor is defined as the percentage of the original principal amount that will remain outstanding once the scheduled monthly payment on the securities has been made. These factors are used by securities dealers, investors, and others involved in trading Ginnie Mae securities and are vital to the proper allocation, among classes of Ginnie Mae REMIC securities, of monthly cash flows on the underlying Ginnie Mae MBS. It is essential, therefore, that each Issuer accurately report pool and loan package RPBs. Special reporting requirements that relate to pools of Home Equity Conversion Mortgage loans (HMBS) can be found in Chapter 35.

This chapter describes the RPB guidelines and procedures for all pool and loan package types, and is followed by discussions of (A) available methods to transmit RPB data, (B) the process used by the CPTA to monitor RPB reports, and (C) deadlines for making corrections to RPB reports.

19-2: RELATIONSHIP BETWEEN RPB REPORTS AND PAYMENTS ON THE SECURITIES

Each Issuer is required to report correct RPB amounts for each pool and loan package, other than construction loan pools, no later than the second business day of each month. Ginnie Mae expects that these initial RPB reports are correct. However, should adjustments need to be made, all adjustments shall be submitted no later than the fourth business day of the month. Issuers who fail to submit correct RPBs by the second business day of the month may be subject to sanctions by Ginnie Mae.

The Ginnie Mae I MBS Issuer is obligated not only to pay certificated security holders but also to make funds available to the depository on all book-entry securities. Similarly, the Ginnie Mae II MBS Issuer must make funds available to the CPTA for payment to security holders. These amounts are based on the RPB for the related pool or loan package reported on or before the fourth business day of the month, even if the reported RPB is incorrect. In addition, each of the Issuer’s monthly accounting reports must agree with the RPB reported for the related month. If an error is found in a reported RPB after the fourth business day of a month, it may not be corrected.

Inaccurate RPB reporting is considered a failure by the Issuer to remit timely and accurate payment to security holders. Issuers who report incorrect RPBs may be subject to default

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and/or other sanctions.

19-3: RPB REPORT IDENTIFICATION NUMBER

When transmitting the RPB report, each Issuer must use a pre-assigned 10-digit RPB Report Identification Number (RIN), which consists of four parts:

- (A) the Ginnie Mae identification number, which is the same for all Issuers: 0783;
- (B) the 4-digit Issuer Identification Number assigned by Ginnie Mae;
- (C) the letter "A", which is the designation for Ginnie Mae I MBS reports, or the letter "B", which is the designation for Ginnie Mae II MBS reports; and
- (D) a computer check digit provided by the CPTA.

The Issuer may obtain and/or confirm its RIN with the CPTA (see Addresses).

19-4: REPORTING PROCESS

Following is an outline of the RPB reporting process:

- (A) The Issuer calculates the RPB for each pool or loan package as of its monthly reporting cut-off date for the preceding month (see Sections 17-3 and 19-5);
- (B) The Issuer must report its RPB figures directly to the CPTA no later than the second business day of each month. RPB reports transmitted through *GinnieNET* or computer-to-computer must be transmitted and received no later than 7:00 p.m. (Eastern time). As a general rule, Issuers shall use *GinnieNET* as a backup system in case their primary reporting vehicle fails. In the case of an emergency, an Issuer may report its RPBs using a compact disc (CD), but must first contact their Ginnie Mae Account Executive. The file format can be found in the Appendix VII-1. This file must be sent by overnight courier and received by the CPTA no later than 4:00 p.m. on the second business day of the month.
- (C) The CPTA edits the data. If there are edit failures, the CPTA will notify the Issuer via e-Notification no later than the third business day of the month (see Section 19-7);
- (D) The Issuer must correct the errors and complete the transmission through *GinnieNET* no later than 7:00 p.m. (Eastern time) on the fourth business day of the month (see Section 19-8);

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- (E) If an Issuer discovers, prior to 7:00 p.m. (Eastern time) on the fourth business day of the month, an error in previously reported RPB data for that month, the Issuer must immediately report an RPB correction (see Section 19-8).
- (F) If the Issuer is unable to correct an error described in (D) or (E) by 7:00 p.m. on the fourth business day of the month, it may not make the correction.

19-5: AGREEMENT OF RPB REPORT WITH MONTHLY ACCOUNTING REPORT

If an RPB is wrong and is not corrected by the fourth business day of the month in the manner described in this chapter, the payment to security holders must be based on the Issuer's reported RPB. The Issuer must advance its own funds if there are any shortfalls.

The RPB in Ginnie Mae's database, as of the fourth business day of the prior month, will be used to compute the guaranty fee for all Ginnie Mae I pools and Ginnie Mae II pools and loan packages.

The Reporting and Feedback System (RFS) Issuer Monthly Report of Pool and Loan Data (Appendix VI-19) includes "Security RPB." Note that the amount reported in "Security RPB" (field #10 of the RFS Pool Record) must be identical to the RPB reported in GinnieNET.

19-6: METHODS OF REPORTING RPBs INITIALLY

Each Issuer must submit its monthly RPB report in electronic form. Two methods are available: GinnieNET and computer-to-computer transmission. In case of an emergency, such as a continuity of operations (COOP) situation where electronic methods are unavailable, Issuers must use CD reporting.

(A) *GinnieNET Reporting*

The Issuer must follow the instructions for reporting RPBs included in the GinnieNET Issuer Guide or on the appropriate GinnieNET screen. The transmission for all pools and loan packages must be completed by 7:00 p.m. (Eastern time) on the second business day of each month. A single GinnieNET transmission should satisfy all reporting obligations for an unlimited number of pool and loan packages. There is no restriction on the number of pools reported in a single transmission.

(B) *Computer-to-Computer Reporting*

The format for computer-to-computer reporting must follow that shown in Appendix VII-1, pages 2 through 4, and the transmission must be completed no later than 7:00 p.m. (Eastern time) on the second business day of each month.

For more information on computer-to-computer reporting, Issuers may telephone the CPTA (see Addresses).

(C) *Compact Disc*

Ginnie Mae will only accept RPB reporting through GinnieNET or Computer-to-Computer transmissions. CDs

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Reporting [Emergency Use]

are not an acceptable method for routine RPB transmissions, and may only be used when electronic transfer options are unavailable due to an emergency. Consequently, GinnieNET will be the primary backup to the direct dial up. The format for CD reporting must be that shown in Appendix VII-1, pages 2 through 4. A transmittal form similar to that shown in Appendix VII-1, page 1, must accompany compact discs. The CD must be sent by overnight courier to the CPTA and received prior to 4:00 p.m. (Eastern time) on the second business day of the affected month.

For more information on compact disc reporting, Issuers may telephone the CPTA (see Addresses).

19-7: MONITORING RPB REPORTING

RPB data are edited by the CPTA to determine, from one month to the next, that RPBs do not increase (except for GPM loans in MBS and HECM loans in HMBS), do not remain constant, and do not decline in excess of Ginnie Mae-defined tolerances. Edit failures are of two types: unacceptable RPBs and alerts of possible error.

If a Ginnie Mae pool RPB fails an edit, the CPTA will notify the Issuer via e-Notification no later than the third business day of the month, and specify the type of edit failure. An Issuer must respond to the electronic notification prior to 7:00 p.m. (Eastern time) on the fourth business day, as follows:

(A) Unacceptable RPBs

- (1) If an unacceptable RPB requires a change:

The Issuer must report the correction using GinnieNET (see Section 19-8). The transmission must be completed no later than 7:00 p.m. (Eastern time) on the fourth business day of the month and correct the report as described in Section 19-8. Failure to respond by the required time to unacceptable RPB notification(s) will mean that the Issuer must make payment on the securities in accordance with the reported RPB.

- (2) If an Issuer is notified that an RPB is unacceptable but in fact the RPB is correct:

The Issuer must confirm the RPBs by returning the facsimile to the CPTA and so note those RPBs that need no correction. The facsimile must be faxed no later than 7:00 pm (Eastern time) on the fourth business day of the month.

(B) Alert of Possible Error

If alerted about a possible error, the Issuer must review the RPBs in question. If the Issuer determines that a correction is required, the Issuer must report the correction using GinnieNET (see Section 19-8), and the transmission must be

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completed no later than 7:00 p.m. (Eastern time) on the fourth business day of the month. If the Issuer concludes that no change is required, the Issuer need not report that conclusion to the CPTA.

19-8: CORRECTIONS

If an Issuer discovers an RPB error after 7:00 p.m. (Eastern time) on the fourth business day of the month, the Issuer nevertheless must make the deposit into their central P&I custodial account (and make payments to the holders of any Ginnie Mae I MBS issued in certificated form), based on the RPB reported on or before 7:00 p.m. (Eastern time) on the fourth business day of the month.

(A) Changes or Corrections

Even if an Issuer has not received notification from the CPTA of a possible error, it may change or correct an RPB report by transmitting the correction to the CPTA using *GinnieNET* (see Section 19-8(C)). The transmission must be completed no later than 7:00 p.m. (Eastern time) on the fourth business day of the month.

(B) Reporting by GinnieNET

Except as provided in Section 19-8(C), corrections to an RPB report must be made using *GinnieNET*.

(C) Computer-to-Computer Reporting

If an Issuer finds it necessary to report corrected RPBs, and these pools constitute a substantial majority of its portfolio, the Issuer must contact the CPTA (see Addresses) for instructions. Depending on the circumstances, the CPTA may instruct the Issuer to retransmit using computer-to-computer transmission all of the Issuer's pool data (including correct data that was submitted in the initial RPB report). In this case, the second transmission must be completed no later than 7:00 p.m. (Eastern time) on the fourth business day of the month.

19-9: PENALTIES

Issuers that fail to report timely and accurate RPBs, that fail to pay security holders or else fail to make appropriate deposits into the central P&I custodial account based on the reported RPBs will be subject to sanctions at Ginnie Mae's discretion.

Multifamily Issuers who fail to report prepayment penalties and pay those fees in the month of pool payoff will also be subject to sanctions by Ginnie Mae.

19-10: PRENOTIFICATION OF ACH DEBIT AMOUNTS

The CPTA will provide Issuers with a pre-notification advice of all amounts, per pool and/or loan package, that will be withdrawn from their central P&I custodial account. The first pre-notification report will be sent via eNotification on the third business day of the month, and the second and final pre-notification report will be sent on the sixth business day of the month. The latter report will reflect any changes submitted by

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the Issuer no later than 7 p.m. (Eastern time) on the fourth business day of the month.