



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

November 13, 2007

APM 07-15

MEMORANDUM FOR: All Participants in Ginnie Mae Programs
FROM: Thomas R. Weakland, Acting Executive Vice President
SUBJECT: Collection and Dissemination of Tax Information Reported to Ginnie Mae by Issuers

As a result of changes to the Internal Revenue Service’s (“IRS”) regulations for widely held fixed investment trusts (“WHFIT”), Ginnie Mae is changing the way it reports tax information to investors of Ginnie Mae securities and the IRS, effective for the 2007 calendar year tax reporting period.

For Ginnie Mae II securities held in physical form, Ginnie Mae will no longer prepare and distribute Form 1041 and Schedule K1 to investors and the IRS. Instead, Ginnie Mae will prepare Form 1099, and distribute it to both investors and the IRS. For Ginnie Mae I securities held in physical form, Issuers will continue to be responsible for reporting tax information to investors and the IRS.

For Ginnie Mae II securities held in book-entry form, Ginnie Mae will no longer prepare and distribute Form 1041 and Schedule K1 to investors. Instead, Ginnie Mae will collect and publish reported tax information for Ginnie Mae II book-entry securities on Ginnie Mae’s website for interested third parties to obtain tax information on outstanding Ginnie Mae securities. In addition, at the industry’s request, Ginnie Mae will collect and publish the tax reported information for Ginnie Mae I book-entry securities. This information will be available by January 31, 2008, and can be viewed online and/or downloaded from Ginnie Mae’s website. Issuers of Ginnie Mae I book-entry securities will continue to be responsible for reporting tax information on these securities electronically to the IRS. Ginnie Mae will continue reporting tax information on Ginnie Mae II book-entry securities to the IRS.

The tables below outline the new reporting process.

Certificated Securities	Reporting Process
Ginnie Mae I Certificated Securities (backed by forward mortgages)	The Issuer will continue to be responsible for reporting tax information on these securities to IRS and to investors of Ginnie Mae securities.
Ginnie Mae II Certificated Securities (backed by forward mortgages)	The Central Processing and Transfer Agent (CPTA) will continue to report tax information on these securities to IRS and to investors of Ginnie Mae securities.

Book-Entry Securities	Reporting Process
Ginnie Mae I Book-Entry Securities (backed by forward mortgages)	Where applicable, Issuers will report two additional data elements to Ginnie Mae on a monthly basis (see details below). The Ginnie Mae website will provide reported tax information for each month and can be viewed online and/or downloaded by interested third parties by January 31, 2008. For Ginnie Mae I book-entry securities, Issuers will continue to be responsible for reporting tax information on these securities electronically to the IRS. Ginnie Mae will continue reporting tax information on Ginnie Mae II book-entry securities to the IRS.
Ginnie Mae II Book-Entry Securities (backed by forward mortgages)	
Ginnie Mae II Book-Entry Securities (backed by reverse mortgages)	

Collection of Tax Identification Number:

Compliance with the new reporting rules requires Issuers to provide pool Tax Identification Numbers (“TIN”) to Ginnie Mae no later than January 10, 2008. The TIN is also known as the Employer Identification Number (“EIN”). The file layout and instructions for submitting TINs are attached. Currently, the TIN is requested at issuance, but it is not required. Consequently, all pools submitted for a January 1, 2008, issuance and thereafter, must include a TIN. If a TIN is not provided at issuance, the pool will be rejected and returned to the Issuer. The only exception is for loan packages that are part of a multiple Issuer pool, in which case the TIN is assigned by the Pool Processing Agent.

New Monthly Reporting Requirements:

In order for Ginnie Mae to comply with the new IRS tax reporting requirements, Issuers must provide Ginnie Mae with two new data elements: 1) the Original Issue Discount (“OID”); and 2) the Market Discount Fraction (“MDF”). This data is to be collected on a monthly basis at the pool/package level for all pool types. This data submission is a supplement to the existing Monthly Pool Accounting and Reporting Requirement that is due on the 10th calendar day of each month.

To meet the reporting requirements for calendar year 2007, Issuers that are able to comply with the new reporting rules are to prepare a one-time 13-month submission of the new data elements from December 2006 through December 2007. This optional submission must be received by Ginnie Mae no later than January 10, 2008. The new file layout and additional instructions are attached.

To meet the reporting requirements for calendar year 2008, Issuers must include OID and MDF as part of their monthly reporting process, beginning with the February 2008 reporting month. Issuers that need more time must report OID and MDF no later than July 2008. The July 2008 reporting month submission must include OID and MDF for the months of January-June of 2008. Effective with the August 2008 reporting month and thereafter, Issuers are to report OID and MDF on a monthly basis. The monthly supplemental file layout requirements are attached.

If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.

Attachment

ATTACHMENT

Supplemental Data for Widely Held Fixed Investment Trust (“WHFIT”) Tax Reporting – Issuer Reporting Specifications

In accordance with APM 07-15, Issuers must report WHFIT tax information in the format described below. Each issuer is required to submit:

Tax Identification Numbers (“TIN”) (mandatory) due by January 10, 2008

- All Issuers must submit a TIN for each pool. For each pool reported, there must be one corresponding TIN record.
- Issuers may submit this information either by using the attached file layout specification, or by submitting the information in a Comma Separated Values (.CSV) file. If the issuer chooses to submit a CSV file, the layout must be as follows:
 - Column A: Issuer Number
 - Column B: Pool Number
 - Column C: Tax ID Number

2007 Calendar Year Report (optional)* due by January 10, 2008

- Issuers that are able to comply are to prepare a one-time 13-month data submission to report the data elements from December 2006 through December 2007. For each pool/package reported, there must be a separate WHFIT tax record for each reporting month (e.g., suppose an Issuer has 3 pools, the submission file must include 1 header, 1 footer and 39 WHFIT tax reporting records (3 times 13 months)). The data may be submitted as early as December 31, 2007.

Monthly Supplemental Report (mandatory)

- Issuers must calculate OID and MDF on a monthly basis. Beginning February 2008 and each month thereafter, Issuers must report the monthly WHFIT tax information no later than the 10th of each month (e.g. reporting month February 2008 will include WHFIT information for January 2008).

* “The IRS and the Treasury Department are aware that some trustees and middlemen were unable to complete updates to their computer and information reporting systems to comply with the WHFIT reporting rules until the amendments to the WHFIT reporting rules included in these regulations are finalized. Accordingly, the IRS will not impose any penalties that would apply under [26 C.F.R.] § 1.671-5(l) (redesignated [26 C.F.R.] § 1.671-5(m) by these final regulations) of the WHFIT reporting rules as a result of the failure to comply with the WHFIT reporting rules as amended by these final regulations with respect to the 2007 calendar year in cases where a trustee or middleman was unable to change its information reporting systems to comply with the WHFIT reporting rules because of uncertainty regarding the application of certain provisions of those rules pending the publication of these final regulations.” Reporting Rules for Widely Held Fixed Investment Trusts, 71 Fed. Reg. 78351, 78355 (Dec. 29, 2006).

OR

- Issuers that need more time may begin reporting as soon as possible, and no later than July 2008. The July monthly report must include OID and MDF for the months of January-June of 2008. Effective August 2008 and each month thereafter, Issuers must report the monthly WHFIT tax information no later than the 10th of each month (e.g. reporting month August 2008 will include WHFIT information for July 2008).

Each submission must adhere to the following file layout and include a header record, trailer record, and WHFIT tax records when reporting the WHFIT information.

Notes regarding field level reporting instructions:

1. For numeric fields (designated as 9s), report numeric values as right justified.

Header Tax Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant H - Header
2	Start_Record_Date	2	7	Date	6	YYYYMM
3	End_Record_Date	8	13	Date	6	YYYYMM
4	File_Date	14	22	Date	8	MMDDYYYY

1. Record_Type: The letter H as the first character in a record identifies it as a header record. This record must precede all records that correspond to the issuer.

2. Start_Record_Date: The starting Ginnie Mae reporting month for the data being reported to Ginnie Mae. If reporting multiple months' worth of data, the start record date would be the first reporting period contained in the submission.

3. End_Record_Date: The ending Ginnie Mae reporting month for the data being reported to Ginnie Mae. If reporting multiple months' worth of data, the end record date would be the last reporting period contained in the submission. If reporting one month, this field must be the same as the Start_Record_Date.

4. File_Date: The date the file was created.

WHFIT Tax Reporting Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant X - TAX
2	Issuer_ID_Number	2	5	Numeric	4	
3	Pool_Number	6	11	Character	6	Must be a valid Ginnie Mae pool.
4	Tax_ID	12	20	Numeric	9	999999999
5	Reporting_Month	21	26	Date	6	YYYYMM
6	Original_Issue_Discount	27	38	Numeric	12	999999999.99
7	Market_Discount_Fraction	39	47	Numeric	9	.99999999

1. Record_Type: The letter X will be the first character on each pool/security record.
2. Issuer_ID_Number: The Number assigned by Ginnie Mae to this Mortgage-Backed Securities issuer organization.
3. Tax_ID: Unique identifier received from the IRS and used to identify each security for tax purposes.
4. Pool_Number: The Ginnie Mae Pool identifier; the number assigned by Ginnie Mae at pooling to the pool/loan package.
5. Reporting_Month: The reporting month and year for the tax data being reported to Ginnie Mae.
6. Original_Issue_Discount: The dollar amount reported monthly that represents the monthly amortized amount of the OID, as calculated by the issuer. This may be reported as zero dollars.
7. Market_Discount_Fraction: The monthly market discount fraction, as calculated by the issuer. This is always less than 1, and can be zero.

Trailer Tax Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant T- Trailer
2	Record_Count	2	7	Numeric	6	
3	Issuer_Count	8	10	Numeric	3	

1. Record_Type: The letter T will be the first character on each trailer record.
2. Record_Count: The number of records the issuer is reporting in this file.
3. Issuer_Count: The number of Issuers represented in the file.