



Ginnie Mae

Mortgage-Backed Securities Program
Home Equity Conversion Mortgage
(HECM)

Reference Guide

Government National Mortgage Association

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CHAPTER 1: HECM MBS OVERVIEW

(A) *Ginnie Mae HECM MBS Overview*

The Government National Mortgage Association (Ginnie Mae) has created a new mortgage-backed security to securitize Home Equity Conversion Mortgages (HECM), which are insured by the Federal Housing Administration (FHA). The primary goal of the development of the HECM Mortgage-Backed Securities (HMBS) Program, consistent with Ginnie Mae's overall mission, is to provide senior citizens with more affordable reverse mortgage borrowing options to support their financial needs during retirement years. This goal will be accomplished by providing a standardized HMBS guaranteed by the full faith and credit of the United States Government.

Ginnie Mae, through its Mortgage-Backed Securities (MBS) Programs, guarantees securities that are backed by pools of mortgages and issued by mortgage lenders (issuers) approved by Ginnie Mae. Security holders receive a "pass-through" of the principal and interest payments on a pool of mortgages, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. For the HMBS program, the Ginnie Mae guaranty ensures that security holders receive the timely payment of principal and accrued interest on the security. If an issuer fails to ensure that the funds necessary to make timely payment are available, or otherwise defaults in the discharge of its responsibilities, Ginnie Mae, in accordance with its guaranty, will make payments to security holders.

(B) *The Ginnie Mae Advantage*

Fueled by an overall decline in birth rates and an overwhelming increase in life expectancy, population aging is considered to be one of the most profound demographic trends of the 21st Century. In the United States, the oldest "baby boomers" are just beginning to reach the age of retirement. According to the U.S. Census Bureau, the senior population will almost double in the next 20 years, to approximately 64 million individuals ages 65 and older. As the population of the United States continues to age, the need for affordable sources of funds to supplement retirement, social security income, meet rising health care costs and living needs is more critical than ever.

Reverse mortgages have helped address this critical need. Reverse mortgages have been recognized as an invaluable tool to help senior citizens meet their financial obligations. FHA's HECM product has dominated the reverse mortgage landscape with approximately 90% of the market share of all reverse mortgages. In fact, FHA has experienced exponential growth of its HECM product over the last three years. Arguably, with an aging population, rising health care costs, and increasing financial needs, the demand for reverse mortgages, HECMs in particular, will continue to grow to help meet the needs of our senior citizen population.

CHAPTER 1: HECM MBS OVERVIEW

Today, there is a limited secondary market for reverse mortgages. With very few investors, complicated security structures, and a growing market appetite, a robust secondary market is needed to facilitate the growth and affordability of reverse mortgages. A Ginnie Mae HMBS, carrying the full faith and credit of the United States Government will serve as an attractive investment to a relatively untapped investor base. The quality and liquidity of a standardized Ginnie Mae HMBS security structure will help to foster a liquid, robust secondary market, which will in turn drive down the costs of reverse mortgages for seniors.

(C) Ginnie Mae HECM MBS

Ginnie Mae's HMBS is a standardized MBS which will be collateralized by FHA insured HECM loans. Ginnie Mae approved issuers will be able to pool HECM loan draws, servicing fees, and MIP advances and securitize these balances into a HMBS. The HMBS will be a new class of Ginnie Mae security backed by HECM loan participations under the umbrella of the Ginnie Mae II Custom Program. The HMBS will be an accrual class pass-through security. Accordingly, the HMBS will not have a payment schedule. Rather it will accrue interest on the securitized principal until such time that payoffs are received. The HMBS can be sold to investors as a stand-alone security or be used as collateral for a Ginnie Mae REMIC. The full faith and credit guarantee of the United States Government will serve to significantly broaden the investor base and stimulate a strong secondary market.

(D) Benefits

Ginnie Mae securities are actively traded in the global capital markets. Ginnie Mae is confident that investors will invest in its HMBS and thereby provide a robust secondary market for lenders to originate HECM loans, pool them into Ginnie Mae MBS, and sell them into the global markets. This liquidity will prove to be a great benefit for the senior homeowner. Our research indicates that the Ginnie Mae securitization of HECM loans will result in a savings of 50 basis points or more for the borrower. On an average HECM loan of \$118,000, this savings amounts to over \$10,000 over a 10-year period, the average life of a HECM loan.

(E) Ginnie Mae HECM Reference Guide

Ginnie Mae's HECM Mortgage-Backed Securities Reference Guide (HMBS Reference Guide) is intended to provide new and existing issuers with a comprehensive overview of Ginnie Mae's HMBS program. The HMBS Reference Guide is an operational guide that is intended to inform interested parties about Ginnie Mae's HMBS program requirements, HMBS pool origination, ongoing HMBS administration and accounting, security reporting, and monthly reporting requirements. In addition, this document

CHAPTER 1: HECM MBS OVERVIEW

provides descriptive information about the files, records and data elements that are required to transmit monthly data. This HMBS Reference Guide is the first part of Ginnie Mae's implementation of the HMBS program. This guide is the precursor to changes of the Ginnie Mae Mortgage-Backed Securities Guide (Guide), Ginnie Mae's Accounting and Document Custodian Manuals, Master Agreements, and Guaranty Agreement.

CHAPTER II: PROGRAM ELIGIBILITY

(A) Existing Issuer Eligibility

All Ginnie Mae approved issuers in good standing will be eligible to request approval to participate in the HMBS program. Given the unique nature of HECMs, issuers must meet the following additional eligibility requirements. Issuers must be able to demonstrate experience originating and servicing HECM loans and must demonstrate the capacity to perform participation accounting in accordance with Ginnie Mae's product specifications. In addition, issuers will have to meet the minimum net worth requirement of \$500,000.

Ginnie Mae issuers that wish to participate in the HMBS program should send a letter of interest to Ginnie Mae's Office of Mortgage Backed Securities requesting a special review for HMBS program eligibility.

(B) New Issuer Eligibility

Institutions that wish to participate in the HMBS program must first become a Ginnie Mae approved issuer. In addition to fulfilling Ginnie Mae's standard issuer requirements, an applicant must meet the minimum net worth requirement of \$500,000, demonstrate experience originating and servicing HECM loans and must demonstrate the capacity to perform participation accounting.

For details on becoming a Ginnie Mae approved issuer please see the eligibility requirements outlined in the Guide at <https://www.ginniemae.gov/guide/pdf/chap02.pdf>. Along with a completed application, please indicate your interest in participating in Ginnie Mae's HMBS program.

(C) Ginnie Mae MBS Guide

This HMBS reference guide is a precursor to Ginnie Mae MBS Guide updates, including a dedicated chapter outlining HMBS program requirements. The Ginnie Mae MBS Guide will serve as the ultimate source of program information for issuers participating in the HMBS program. Further, the Ginnie Mae Guaranty Agreement serves as the contractual agreement between issuer and Ginnie Mae with respect to the HMBS. Prior to the launch of the HMBS program, the Guide will be updated to include policies and procedures for the HMBS program. Approved issuers must adhere to the HMBS specific chapter as well as other provisions outlined in the Guide. The current Guide may be viewed at <https://www.ginniemae.gov/guide/pdf/TOC.pdf>. Throughout this document there are references to the Guide. This is meant to familiarize the reader with current Ginnie Mae requirements for existing MBS programs as many of the requirements for the HMBS program will be the same as they are today for existing programs.

CHAPTER III: HMBS PROGRAM PARTICIPANTS

- (A) Ginnie Mae** Ginnie Mae guarantees securities backed by pools of HECM loan participations. Subject to Ginnie Mae's sole discretion, it reviews applications from lenders and grants issuer status, provides approved issuers with commitment authority, approves issuances of securities, and monitors issuers once they are approved to issue securities. Except for Ginnie Mae's guarantee to security holders and otherwise as expressly provided in the Guaranty Agreements or herein, Ginnie Mae assumes no duty or liability to any person or entity.
- (B) Issuer** The issuer creates pools of HECM loan participations based on HECM loans that it has originated or acquired. It prepares and submits documents for each pooled loan participation to the document custodian and documents describing the pool as a whole to the Pool Processing Agent (PPA). The issuer markets HMBS securities guaranteed by Ginnie Mae that are collateralized by these pools.
- The issuer is responsible for making all advances to borrowers under the related HECM loan agreements and for servicing the pools, ensuring all payments are made to security holders and reporting to Ginnie Mae. The issuer is obligated to cover from its own funds any shortfalls in collections on the pooled mortgages in order to ensure that all required payments and accrued interest due to security holders are made. The issuer is responsible for servicing the pooled mortgages until maturity or termination.
- (C) Funds Custodian** Ginnie Mae requires that a funds custodian maintain a central Principal and Interest (P&I) custodial account for Ginnie Mae's HMBS program. A funds custodian is a financial institution that maintains an issuer's pool principal and interest account. In order to serve in this role, the funds custodian must be a member of, or a correspondent of a member of, an Automated Clearing House (ACH). Eligibility requirements for funds custodial institutions and requirements for central pool or loan package P&I, T&I, and escrow custodial accounts are described in Chapter 16 of the Guide which may be viewed online at <https://www.ginniemae.gov/guide/pdf/chap16.pdf>.
- Ginnie Mae's Central Paying and Transfer Agent (CPTA) will debit the issuer's central P&I account each month based on issuer reported payoffs and liquidations. An issuer may use one central P&I Custodial account for all Ginnie Mae MBS programs.
- (D) Document Custodian** The document custodian reviews the loan documents submitted by the issuer for each HMBS pool and certifies to Ginnie Mae

CHAPTER III: HMBS PROGRAM PARTICIPANTS

that they accurately represent the pooled mortgages in accordance with Ginnie Mae requirements. The document custodian also holds the loan documents in safekeeping for the life of the pool or loan package. The document custodian's functions are described in Chapter 13 of the Guide at <https://www.ginniemae.gov/guide/pdf/chap13.pdf>. Chapter 13 of the Guide will be updated with any HMBS specific document custody requirements prior to the launch of the HMBS program in September 2007.

(E) Pool Processing Agent (PPA)

The Pool Processing Agent (PPA) reviews and approves on Ginnie Mae's behalf the documents or electronic transmissions submitted by the issuer that describe the pool as a whole. Upon approving the pool the PPA directs that the securities be issued. The PPA also tracks the certification status of pools and loan packages. The PPA's responsibilities for pool and loan package processing are described in the Guide, Chapters 10, 11, 12, 13, 21, 22 and 24 through 32. Specific responsibilities related to the HMBS program will be outlined in a separate chapter of the Guide prior to program launch.

(F) Central Payment and Transfer Agent (CPTA)

Under the Ginnie Mae HMBS Program, the CPTA acts as both collection agent and paying agent in connection with unscheduled payments to security holders and monthly payments to Ginnie Mae. The CPTA (1) automatically debits each issuer's central P&I custodial account monthly in the amounts necessary to pay security holders (based on issuer reported loan payoffs) and to pay Ginnie Mae its guaranty fee; (2) pays those amounts to security holders and to Ginnie Mae; and (3) prepares and sends a remittance advice to security holders with their payments. The CPTA also acts as a collection agent in other respects under Ginnie Mae's MBS Programs, collecting information regarding remaining principal balances and guaranty fees each month.

The CPTA also acts as transfer agent for Ginnie Mae MBS Programs. In this capacity, the CPTA prepares all Ginnie Mae HMBS and delivers them to security holders. The CPTA registers a new issuance of securities in the name of the depository and issues the securities in uncertificated form through the depository's book-entry system. As transfer agent, the CPTA also handles exchanges of securities at the request of security holders and certain transfers of securities from one security holder to another.

(G) Depository

Ginnie Mae-guaranteed MBS are issued initially through the book-entry system maintained by the Federal Reserve Bank of New York. Information about the depository and the book-entry system can be found in Chapter 12 of the Guide at

<http://www.ginniemae.gov/guide/pdf/chap12.pdf>.

(H) Subservicer

The issuer may arrange for a subcontract servicer to perform servicing functions, other than those functions set forth in Section 4-2(C) of the Guide, which may be viewed online at <http://www.ginniemae.gov/guide/pdf/chap04.pdf>, on the issuer's behalf. If it does so, however, the issuer remains fully responsible for the subcontract servicer's performance. A subcontract servicer must be a Ginnie Mae-approved issuer and meet all requirements for maintaining Ginnie Mae issuer status.

**(I) Master
Servicer/Participation
Agent**

Ginnie Mae's HMBS program requires that issuers have the capacity to track and account for HECM loan participations at the pool and loan level. This participation tracking and accounting is functionality that is not typically done by single family mortgage servicers. This functionality is more commonly seen in securitizations involving credit card receivables, home equity lines of credit, and commercial real estate. However, given the unique nature of HECM loans, the concept of participation securitization presents issuers with the flexibility to securitize HECM loan draws at prevailing market prices.

In order to fulfill the participation tracking and accounting requirements outlined later in this HMBS Reference Guide, an issuer may choose to contract with a master servicer or participation agent. The master servicer/participation agent will not need to be a Ginnie Mae approved issuer to perform these functions. However, the issuer will maintain the ultimate responsibility of carrying out Ginnie Mae's program requirements.

CHAPTER IV: HMBS PRODUCT DESCRIPTION

(A) *The HECM MBS*

The HMBS will be a new class of Ginnie Mae security backed by HECM loan participations under the umbrella of the Ginnie Mae II Custom MBS program. The HMBS will be an accrual coupon pass-through security. Issuers are only required to pass through payments to investors as loan payoffs occur. Pass-through payments will be applied pro rata across all participations collateralize a HMBS and any unsecuritized loan balance.

Ginnie Mae's HMBS will be book-entry securities, and may be held, sold to investors, or serve as collateral for Real Estate Mortgage Investment Conduits (REMICs). At this time, the HMBS would not be eligible collateral for the Ginnie Mae Platinum program.

(B) *Eligible Mortgages*

All FHA-insured HECM loans with the assignment option are eligible for pooling under the Ginnie Mae HMBS program. Ginnie Mae does not permit the pooling of HECMs with the shared appreciation option.

(C) *FHA Insurance*

Each mortgage must be, and must remain, insured under the National Housing Act and must at all times comply with the requirements for obtaining and maintaining such insurance.

(D) *HECM Participation*

A HECM participation is defined as the drawn amount of a HECM loan that a lender has securitized in a Ginnie Mae HMBS. Participations may be of any size and there will be no limit on the number of participations in a HECM loan. Each HECM participation will have a unique identification number tied back to the underlying HECM loan.

Ginnie Mae's HMBS participation structure allows issuers to securitize the outstanding balance on a HECM, including mortgagor draws, accrued interest, servicing fees, and advances made to, or on behalf of the mortgagor. As the mortgagor's loan balance increases each month, all previously unsecuritized loan balances are eligible to be securitized as a new participation in a Ginnie Mae HMBS.

For example: Consider a loan originated in January with a net principal limit of \$125,000, a Maximum Claim Amount (MCA) of \$225,000, and an initial principal balance of \$65,000 (the amount drawn by the mortgagor). The initial principal balance of \$65,000 can be securitized in a Ginnie Mae HMBS as the first participation in the HECM loan. In February, the issuer advances an MIP to FHA, a guaranty fee to Ginnie Mae, and accrues a servicing fee on the loan. The sum of these advances and accruals is \$85. The issuer could securitize this balance in another HMBS as the second participation in the HECM loan. Throughout the life of the loan, until such time that the loan

CHAPTER IV: HMBS PRODUCT DESCRIPTION

balance equals 98% of the MCA, the issuer will be able to securitize the outstanding balance of the loan in subsequent participations.

(E) Outstanding HECM Loan Balance

Outside of the securitized participations, servicing fees, MIP, guaranty fees, and additional principal draws all accrue interest at the mortgage coupon rate and are added to the outstanding balance of a HECM loan. In addition, taxes and insurance advanced by the servicer will be added to the outstanding balance. As a part of the outstanding balance, each of these amounts is available as collateral for a subsequent securitization.

(F) Servicing Fee Compensation

Under FHA's regulations, the servicer may choose to charge a flat monthly fee or retain a portion of the mortgage note interest as a servicing fee. Ginnie Mae's HMBS will accommodate both methods of servicing compensation. At HMBS origination, issuers must indicate which servicing fee compensation structure has been selected for each loan pooled. Once a servicing fee compensation method has been selected for the first participation, all future participations tied to the underlying HECM loan must use the same option. Issuers will be allowed to pool loans under either servicing fee method in the same pool.

(G) Servicing Fee Margin

Ginnie Mae has established a required servicing fee margin to accommodate both methods of servicing compensation. For HECM loans that charge the mortgagor a flat rate servicing fee, all loan participations pooled in a Ginnie Mae HMBS must have a servicing fee margin of .06% (6bps). For HECM loans that incorporate the servicing fee into the mortgage coupon, all loan participations pooled in a Ginnie Mae HMBS must have a servicing fee margin between .25% (25 bps) and .75% (75 bps). The following are examples that illustrate both methods.

(H) Flat Servicing Fee

FHA allows lenders to charge a \$30 per month servicing fee for annual adjustable HECMs and a \$35 per month servicing fee for monthly adjustable HECMs. An issuer may not change the method of servicing fee compensation over the life of the loan. If issuers elect to charge the mortgagor a flat monthly fee, the spread between the mortgage coupon accrual rate and the rate at which the participation in the HMBS accrues is required to be .06% (6 bps). The 6 bps differential is required in order to ensure Ginnie Mae that sufficient funds are accrued against the loan balance to offset Ginnie Mae's guaranty fee.

For example: If an issuer originates a HECM loan at 6.5%, the HECM participation must be securitized at the rate of 6.44%.

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Each month, the HECM loan will accrue interest at 6.5%, whereas the participation will accrue interest at 6.44%. The 6 bps delta will be accrued against the loan balance. As specified in this HMBS Reference Guide, the issuer will be required to advance 6 bps to Ginnie Mae on a monthly basis. This fee will be calculated against the securitized loan balance and may be included in subsequent participations. For adjustable rate HECMs, each interest rate change and subsequent securitization of additional loan participations must adhere to this requirement.

(I) Basis Point Servicing Fee

If issuers elect to incorporate the servicing fee as a portion of the mortgage coupon, the amount accrued shall be based on the difference between the mortgage note rate and the participation rate, which difference will not be less than .25% or more than .75% of the mortgage rate.

For example: If an issuer originates a HECM loan at 6.5%, the HECM participation may be securitized at a rate between 5.75% and 6.25%. A portion of this servicing spread, 6 bps, is required in order to ensure Ginnie Mae that sufficient funds are accrued against the loan balance to offset Ginnie Mae's guaranty fee. The remaining spread, between 19 bps and 69 bps, is accrued against the loan balance as the issuer's servicing spread. The servicing fee margin, between 25 bps and 75 bps is allowed to be securitized as it accrues in a subsequent participation. For adjustable rate HECMs, each interest rate change and subsequent securitization of additional loan participations must adhere to this requirement.

(J) HMBS Coupon

Ginnie Mae's HMBS will be a Weighted Average Coupon (WAC) security that bears interest at the weighted average of the rate on the underlying HECM participations. The HMBS coupon rate will be calculated at issuance and recalculated monthly. Issuers will be required to report monthly the outstanding balance and accrual rate of each participation in the HMBS. This information will be used to calculate the WAC of the HMBS.

(K) Guaranty Fee

Issuers are required to pay a monthly guaranty fee to Ginnie Mae for each security for which the issuer is issuer of record. The issuer will pay to Ginnie Mae monthly a guaranty fee of one-twelfth of 0.06% (6 bps) of the outstanding balance of the HMBS. Ginnie Mae's guaranty fee is not calculated based on the outstanding HECM loan balance.

For the HMBS the issuer pays the monthly guaranty fee by making adequate funds available in the central P&I custodial account for ACH debit by Ginnie Mae's CPTA. (See Chapter 6-4 of the Guide, which may be viewed online at

CHAPTER IV: HMBS PRODUCT DESCRIPTION

<http://www.ginniemae.gov/guide/pdf/chap06.pdf>). The CPTA calculates the amount of the guaranty fee debit using the RPB information reported by the issuer in the preceding month as described in Section 3.1.3 of the HMBS Technical Reference Guide.

- (L) Interest Rate Types** Interest on HECM loans may accrue at a fixed or adjustable rate, as negotiated between the mortgagor and the lender. Interest will accrue daily and be added to the outstanding HECM loan balance monthly on a 30/360 basis. The mortgagor will not be able to change from a fixed to an adjustable or vice versa after closing.
- (M) Interest Rate Caps** Annual adjustable rate HECMs must have a “2/5” interest rate cap structure. The loans may not adjust more than 2% in any one year or more than 5% over the life of the loan. Monthly adjustable rate HECMs have no monthly or annual interest rate cap but must have a lifetime interest rate cap set at origination. The lifetime cap must be set by the lender and reported to Ginnie Mae at the first HMBS issuance.
- (N) Index and Reset Date** Ginnie Mae’s HMBS will accommodate all available indices permitted under FHA’s regulations. Currently, the index used to adjust the interest rate on annual adjustable and monthly adjustable rate HECMs is the weekly average yield on United States Treasury securities, adjusted to a constant maturity of one year (CMT). With respect to each annual security interest adjustment date for annual adjustable HECMs and each monthly security interest adjustment date for monthly adjustable HECMs, the applicable index is the most recently available figure 30 days prior to the security interest adjustment date. It is anticipated that FHA will soon permit HECMs to be indexed against the 1-year and 1-month LIBOR. Ginnie Mae will allow the pooling of LIBOR-based HECMs if FHA enacts this change.
- (O) Loan Repayment** Unlike a forward mortgage, there is no amortization schedule for a reverse mortgage. The mortgage is due and payable if and when (1) the last living mortgagor dies; (2) the mortgagor sells the property; (3) the property ceases to be the principal residence of the mortgagor; or (4) an obligation of the mortgagor under the mortgage is not performed. In addition, a mortgagor may prepay the loan, in full or partially, at any time. Accordingly, the HMBS will not have a payment schedule. All payments will be passed through to security holders on a pro rata basis, based upon the percentage of the outstanding balance that each HECM participation comprises.
- (P) Partial Loan Repayment** Mortgagors may make partial prepayments at any time, and on any day of the month. Interest will stop accruing on prepaid

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amounts on the date that payment is received from the borrower. Interest accrued through this date will be passed through to the security holder. All payments received will be distributed to investors on a pro rata basis.

(Q) Remittance Date

Remittance date requirements will mirror current date requirements for the Ginnie II MBS. Funds must be disbursed in the month following receipt of payment (e.g. if payment is received on the 15th of the month, payments to the security holders will be made on the 20th of the following month). In the case of HECM loans with multiple participations or securitized and unsecuritized portions, payment will be made on a pro rata basis.

(R) Remittance Amount

The issuer pays the monthly guaranty fee by making adequate funds available in the central P&I custodial account for ACH debit by the CPTA. The issuer must deposit the Ginnie Mae guaranty fee in the central P&I custodial account each month at the same time it deposits funds necessary for the CPTA to make required monthly payments to security holders. The CPTA calculates the amount of the guaranty fee debit using the RPB information reported by the issuer in the preceding month.

(S) Maturity Date of the MBS

HECM loans do not have stated maturity dates. HECM loans are not deemed due and payable until a maturity event occurs (see (O) Loan Repayment above) As such, a HMBS backed by HECM loans do not have a true maturity date. However, Ginnie Mae securities held in book-entry with the Federal Reserve Bank of New York are required to have a maturity date. To meet this requirement, the maturity date of the HMBS shall be determined by adding 100 years to the origination date of the security. Ginnie Mae will make this designation at security issuance.

(T) Maturity or Pool Termination

Multiple HECM participations constitute a HECM pool, and the pool arrangement may be terminated at any time prior to the maturity event of the last mortgage loan participation outstanding in the securities, provided that the issuer and all holders of the outstanding securities have entered into an agreement for such termination. Upon formal notification with satisfactory evidence that all parties to the termination agreement have concurred, and return of all certificated securities to Ginnie Mae for cancellation, the guaranty will be terminated.

CHAPTER V: POOL REQUIREMENTS

- (A) Commitment Authority Application Fee** In order to securitize mortgages with Ginnie Mae, issuers are required to have the necessary commitment authority from Ginnie Mae equal to the anticipated security issuance. Issuers must request and pay for commitment authority from Ginnie Mae. The fee for commitment authority is computed as follows: \$500 for the first \$1.5 million requested, plus \$200 for each additional \$1 million (or part thereof) requested. This fee must be paid by wire transfer only (see Chapter 6-5 of the Ginnie Mae MBS Guide for wiring instructions). Commitment Authority requests will not be processed until the HUD 11700 form, the HUD 11704 form and the wired funds are received. Ginnie Mae, in its sole discretion, reserves the right to approve all issuer requests for Commitment Authority.
- (B) Applications for Commitment Authority and Pool Numbers** Approved Ginnie Mae issuers will use the current process to apply for commitment authority, and pool numbers as described in Chapter 8 of the Guide, which may be viewed online at (<https://www.ginniemae.gov/guide/pdf/chap08.pdf>). Before an approved issuer may issue Ginnie Mae securities, it must apply for Ginnie Mae's commitment authority to guarantee securities in an amount equal to or greater than the securities the Issuer plans to issue. Prior to submitting a pool to the PPA, an issuer must have adequate commitment authority to cover the aggregate dollar amount of the pool.
- (C) Master Agreements** Each issuer is required to have on file with the PPA Master Agreements, described in Chapter 10 of the Guide at (<https://www.ginniemae.gov/guide/pdf/chap10.pdf>). The PPA will solicit, and except as provided in the next sentence, each issuer must file renewal Master Agreement forms annually on January 1. If no changes have occurred in the information in the most recently submitted version of a required Master Agreement, the issuer only needs to submit a written certification to that effect. A copy of the related Master Agreements most recently submitted must accompany the certification. An HMBS pool will not be processed unless current Master Agreements are on file with, and approved by, the PPA.
- (D) Minimum Pool Size** A Ginnie Mae HMBS pool must have a minimum of three participations with an outstanding balance totaling a minimum of \$1,000,000.
- (E) Pooling Parameters** The HECM loans underlying the HMBS must be of the same interest rate type (e.g. 1 month CMT ARM, 1 year CMT ARM, or Fixed), must have the same reset date and the same index. Loan pools may contain loans of varying payment options (term, tenure, line of credit, modified term or modified tenure), varying interest rates (so long as the “servicing fee margin”

CHAPTER V: POOL REQUIREMENTS

requirements, as defined above, are met), and of varying origination dates. Initially, only single Issuer pools will be allowed.

(F) Assembling and Submitting Pool Issuance Documents

Approved Ginnie Mae issuers will use the current process for assembling and submitting pool issuance documents as described in Chapter 10 of the Guide, which may be viewed at (<https://www.ginniemae.gov/guide/pdf/chap10.pdf>). Issuers will be required to submit a pool in electronic form using the GinnieNET system, which will significantly reduce the time required for pool application and review and the chance for errors.

(G) Pool and Loan Package Certification

Approved Ginnie Mae issuers will use the current process for pool certification. The issuer must submit required mortgage loan and pool data to the document custodian for certification, and to the PPA for review and approval, before securities can be issued.

(H) Delivery Date

CUSIP numbers must be assigned to HMBS pools like any other Ginnie Mae pool. A new pool record (security load) must be sent to the Federal Reserve Bank of New York (FRBNY) with all of the existing fields completed including the new Class Codes. On the scheduled Delivery Date (settlement date), the security must be delivered to the FRBNY's Book-Entry system for settlement.

CHAPTER VI: HMBS PROGRAM REQUIREMENTS

- (A) 98% Buyout Rule** Ginnie Mae's HMBS features a 98% buyout rule that requires all loan participations to be liquidated from a HMBS pool once the underlying loan reaches 98% of its Maximum Claim Amount (MCA). This program provision ensures that only participations from insured loans are pooled and provides HMBS investors with enhanced payment predictability.
- Once a HECM loan backing the participations that constitute a Ginnie Mae HMBS reaches 98% of its Maximum Claim Amount (MCA), Ginnie Mae will require issuers to either; 1) assign the loan to FHA or 2) repurchase the loan from the Ginnie Mae HMBS. Failure to assign a loan or repurchase the loan from the pool will constitute a violation of the Guaranty Agreement between the Issuer and Ginnie Mae.
- (B) Servicing Transfers** Once an issuer has securitized a pool of HECM participations with Ginnie Mae, it will be unable to transfer the unsecuritized HECM loan balances to another party without transferring all servicing rights of the securitized portfolio as well.
- (C) Mortgages Due and Payable** A HECM mortgage is deemed due and payable if and when: (1) the last living mortgagor dies; (2) the mortgagor sells the property; (3) the property ceases to be the principal residence of the mortgagor; or (4) an obligation of the mortgagor under the mortgage is not performed. The issuer must adhere to FHA's guidelines for filing a claim with FHA and/or acquisition and sale of the property. If a mortgage becomes due and payable and there is a delay between the time payment is received, interest will continue to accrue on the underlying mortgage and the HMBS until such time as payment is received by the issuer, the property forecloses and is sold at auction, or a claim is filed and paid. In cases where the mortgage is deemed due and payable, has reached 98% of the Maximum Claim Amount, but cannot be assigned to FHA, the issuer will be required to purchase the loan out of the pool.
- (D) Loan Buyouts** A loan participation tied to a loan that is due and payable, as described above, will not be permitted to be repurchased from the HMBS pool until such time as the underlying HECM loan reaches 98% of the Maximum Claim Amount, the loan is properly assigned to FHA, or the issuer has initiated foreclosure proceedings.
- (E) Substitutions** Ginnie Mae will not allow substitutions of HECM participations in the HMBS.

CHAPTER VI: HMBS PROGRAM REQUIREMENTS

(F) *HMBS Guaranty Fee Deposit and Collection* Each month, the issuer is required to make good funds available to the CPTA to cover the Ginnie Mae guaranty fee. No later than 7 am (EST) on the 19th calendar day of the payment month (collection date), the issuer must deposit into its designated central P&I custodial account “same day funds” or “good funds” equal to the amount needed to pay the fees. The CPTA submits a computer file of all the guaranty fees reported to it for collection of funds on the collection date. On that date, each issuer's central P&I custodial account will be debited via ACH for the guaranty fee amount reported.

The monthly collection of guaranty fees via ACH debit will occur (EST) on the 19th calendar day of the month, if the 19th is a business day. If the 19th calendar day is not a business day, then collection will occur on the 20th calendar day. If the 20th calendar day is also not a business day, then the applicable collection date must be the first business day immediately preceding the 19th calendar day of the month.

(G) *Issuer Risks and Liabilities* An issuer of Ginnie Mae HMBS has obligations that may not be customary for a mortgage servicer in the private sector. Each issuer must be aware of these obligations and make suitable financial arrangements to assure that it has the capacity to cover them. General Ginnie Mae program risks are described in detail in Chapter 5 of the Guide, which may be viewed online at (<https://www.ginniemae.gov/guide/pdf/chap05.pdf>).

There are certain risks specific to Ginnie Mae's HMBS program. Under Ginnie Mae's HMBS program, an issuer is required to repurchase or assign to FHA, any pooled loan the month following the month in which it reaches 98% of its Maximum Claim Amount. Under certain scenarios, the issuer may not be able to assign the loan to FHA and thus must repurchase the loan from the pool. The issuer would be responsible for passing through the principal and total accumulated interest of all participations backing the HMBS.

CHAPTER VII: REPORTING REQUIREMENTS

- (A) Issuer Reporting** The monthly pool reporting and administration process will mirror Ginnie Mae's current pool and loan level reporting process as described in Chapter 17 and Chapter 19 of the Ginnie Mae MBS Guide. New pool submissions forms and monthly loan level reporting requirements are being developed to support this program and will be available for review. The second section of this guide details the requirements for Pool Issuance and monthly pool, participation, and loan level reporting.
- (B) Guaranty Fee Reporting** The guaranty fee is calculated using the issuer's prior month Remaining Principal Balance (RPB), as reported through GinnieNET, no later than the second business day of the month. The CPTA will then verify the RPBs submitted by the issuer, and provide electronic verification back to the issuer. If there is a discrepancy between the RPB value submitted by the issuer and that which is computed by the CPTA, the CPTA will notify the issuer on the 3rd business day of the month and expect that the issuer review and, if necessary, correct the RPB data. The issuer is then required to resubmit RPBs through GinnieNET no later than the 5th business day of the month. The CPTA will then calculate the guaranty fees due based on the issuer's final submission.
- (C) Document Retention** Documents relating to the pooled mortgages must be held by the document custodian, on Ginnie Mae's behalf, for the life of the pool. It is the issuer's responsibility to arrange for an eligible institution to serve as document custodian prior to submission of a pool for processing. The document custodian works under direct contract with the issuer, but has a fiduciary responsibility to Ginnie Mae.

CHAPTER VIII: DISCLOSURE

- (A) Historical Program Data** Ginnie Mae and FHA intend to make available historical HECM loan program data in a format that will allow stakeholders to manipulate and analyze the data.
- (B) Data Disclosure at Pool Origination** Due to the complex nature of a HECM loan, Ginnie Mae will offer disclosure at origination that goes beyond what is currently offered for either the Ginnie Mae I or Ginnie Mae II securities. This will include: (1) demographic statistics on HECM mortgagors, such as age and gender of the mortgagor; and, (2) key loan characteristics, such as the ratio of available credit remaining to the principal limit, and the ratio of the outstanding balance to the maximum claim amount.
- (C) Prospectus (Base Offering)** Disclosure will occur through a base offering document. This Base Offering document will be used for all HECM transactions, and will be provided to investors by the Central Payment and Transfer Agent (CPTA).
- (D) Supplemental Disclosures** Supplemental disclosures for the HECM loans will be provided in an offering supplement. The offering supplement will contain information that is unique to the pool being securitized.
- (E) Monthly Disclosures** As is the case today, Ginnie Mae will provide additional on-going monthly loan level disclosure to the investor community

CHAPTER IX: GLOSSARY

- (A) ACH** Automated Clearing House, or when used as a verb, the act of automatically an issuer's central P&I custodial account through an Automated Clearing House to complete a financial transaction.
- (B) CPTA** The Central Payment and Transfer Agent.
- (C) Central Payment and Transfer Agent (CPTA)** The institution that Ginnie Mae employs to act on its behalf to prepare certificates for MBS, to cancel and re-register certificates tendered in good form by or on behalf of security holders, to maintain a record of securities ownership and transfer information, to pay Ginnie Mae II security holders and collect Ginnie Mae I and Ginnie Mae II guaranty fees, and to perform other duties with respect to Ginnie Mae MBS.
- (D) Central P&I Custodial Account** Each issuer must designate and maintain a P&I custodial account as its central P&I custodial account (which may be a separate account for each Program or a single account for both Programs) from which disbursements for investor payments and guaranty fees will be paid.
- (E) Custom Pool** A pool formed pursuant to the Ginnie Mae II MBS Program that has a single issuer and that does not contain a loan package.
- (F) Delivery Date** For (a) book-entry securities, the date on which the CPTA registers ownership of the securities in the name of the depository on the central registry, and for (b) certificated securities held directly by a security holder, the date on which the CPTA releases the certificate or certificates to such security holder.
- (G) Depository** The registered holder for book-entry Ginnie Mae MBS, which is the Federal Reserve Bank of New York.
- (H) Document Custodian** A financial institution, approved by Ginnie Mae, that holds the required documents relating to pooled mortgages for the life of a Ginnie Mae pool or loan package or until it is replaced by another such institution.
- (I) FHA** The Federal Housing Administration ("FHA"), an agency of the United States Department of Housing and Urban Development.
- (J) Funds Custodian** A financial institution approved by Ginnie Mae, that maintains a P&I custodial account or any escrow custodial account.
- (K) Ginnie Mae** Government National Mortgage Association, a wholly owned corporate instrumentality of the United States Department of Housing and Urban Development.

CHAPTER IX: GLOSSARY

- (L) *Ginnie Mae II MBS*** The mortgage-backed securities program in which the timely payment of principal and interest on the securities is guaranteed by Ginnie Mae, and Ginnie Mae relies on the CPTA to pay security holders. The payment date is the 20th of the month, subject to adjustment as specified in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3. This program is governed by the provisions contained in the Ginnie Mae Mortgage-Backed Securities Guide 5500.3.
- (M) *GinnieNET*** A Ginnie Mae application that provides issuers and custodians the ability to electronically submit pools, complete certifications, transmit various reports, and transfer pools from existing to new custodians via a dedicated network to the Pool Processing Agent (PPA).
- (N) *Guaranty Agreement*** The contract between Ginnie Mae and an issuer that establishes the rights and obligations of each party in connection with (a) a Ginnie Mae I MBS pool and the related securities and (b) if the related securities have an issue date after November 1, 1999, a Ginnie Mae II MBS pool and the related securities. In addition if an issuer issues, under either Ginnie Mae MBS Program, securities with an issue date after November 1, 1999, the term “Guaranty Agreement” includes the contract that establishes thereafter the rights and obligations of each party in connection with each Ginnie Mae II MBS pool backing Ginnie Mae II MBS with an issue date on or prior to November 1, 1999. In any case in which a contractual agreement remains in effect with respect to a Ginnie Mae II MBS pool and the related securities, the use of the term “Guaranty Agreement” with respect to the pool or related securities shall be construed, unless the context otherwise requires, as though it said “Contractual Agreement”.
- (O) *Guaranty Fee*** For each issue of MBS, a monthly fee paid by each issuer to Ginnie Mae for Ginnie Mae’s full faith and credit guaranty.
- (P) *Guide*** Ginnie Mae Mortgage-Backed Securities Guide, 5500.3, as hereafter amended.
- (Q) *Issuer*** A business organization that, having met certain criteria, has been approved to issue securities guaranteed by Ginnie Mae.
- (R) *Mortgage Insurance*** Refers to the FHA’s promise to pay the mortgagee, or new issuer, a specified percentage of the unpaid principal, interest, and certain foreclosure costs in the event a mortgagor defaults.
- (S) *PPA*** The Pool Processing Agent.
- (T) *P&I*** Principal and interest.

CHAPTER IX: GLOSSARY

- (U) P&I Custodial Account** The non-interest bearing account that the issuer maintains with a financial institution for the deposit of principal (including scheduled and unscheduled principal) and interest collected from mortgagors, or in connection with the related property, to be paid to security holders.
- (V) Pool** For HMBS, a group of HECM loan participations to back an issuance of HECM mortgage-backed securities for a custom pool.
- (W) Pool Processing Agent** The institution that Ginnie Mae employs to review pool document submissions prior to issuance of Ginnie Mae securities and to maintain records of final certifications.
- (X) Remaining Principal Balance (RPB)** For a loan, or pool, the outstanding principal balance, as of a given date, that remains to be paid.

HMBS ISSUER POOLING AND REPORTING SPECIFICATIONS



APPENDIX I: HMBS Pooling and Reporting Specification

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HMBS Pooling and Reporting Specification

Version 2.0

June 8, 2007

APPENDIX I: HMBS Pooling and Reporting Specification

1 GENERAL INFORMATION

1.1 Introduction

This document is intended to be a specification that informs issuers and service bureaus how to submit HECM HMBS Pool Origination, RPB, Security Interest Rate, Pass-Through Payment, and Monthly Pool Accounting and Administration data files to Ginnie Mae's HECM Security (HMBS) Systems. This document provides information about the files, records, and data elements that are required to successfully transmit monthly data to Ginnie Mae. The document also provides file, record, and data descriptions for the messages that are returned to issuers by Ginnie Mae.

The information provided in this document is not intended to establish, change, or imply any future changes to Ginnie Mae policy, regulations, or accounting guidelines.

This document assumes that the reader is familiar with the Ginnie Mae's current single family single class MBS products, as governed by MBS Guide 5500.3Rev. 1. Reader's unfamiliar with the Ginnie Mae's MBS program should refer to the MBS Guide 5500.3 Rev. 1, in particular Chapters 10, 14, 15, 17, 19 and related forms and appendices.

The HMBS is a new security being implemented by Ginnie Mae, and new processes and systems are being implemented to support the HMBS program. This document provides information to issuers and servicers about Ginnie Mae's requirements as they pertain to the pool origination, payment pass through, and monthly pool, participation and HECM loan level reporting processes. The document assumes that the reviewer is generally familiar with Ginnie Mae's plan for monthly reporting of security RPB, pool, and loan package monthly data and loan level data reporting.

Information about Ginnie Mae programs can be found on its website at www.ginniemae.gov. Specific information about FHA Home Equity Conversion Mortgages can be found in the HUD Housing Handbook 4235.1 and on the HUDCLIPS web site at www.hudclips.org.

APPENDIX I: HMBS Pooling and Reporting Specification

1.2 Purpose

The information in this specification is presented for two primary purposes: 1. To communicate the requirements for monthly reporting of pool issuance (origination), security RPB, security Interest Rate; and pool, participation, and HECM loan level information. 2. To facilitate issuer and service bureau review, comment, and feedback to Ginnie Mae on the reporting requirements for the new HMBS program. As work on the HMBS program continues, Ginnie Mae is committed to collaborating with issuers and servicers.

APPENDIX I: HMBS Pooling and Reporting Specification

2 SCOPE

The scope of this document encompasses two major areas:

- Pool Origination and Issuance (Origination of new HMBS Pools)
- Monthly Pool Reporting (Monthly Accounting and Loan Level Reporting)

2.1 Issuer Data Reporting

Issuer data reporting is the term used to refer to the data submitted by the issuer or service bureau to both the Ginnie Mae Pool Processing Agent (GinnieNET) and the Data Collection Agent (MBSIS/e-Access).

For issuer data reporting through GinnieNET the requirements are specifically focused on:

- Pool Origination Information (Pool Issuance)
- HECM Loan and Participation Information Required at Issuance
- Monthly Security RPB Reporting
- Monthly Security Interest Rate Reporting
- Payment to Security Holder Reporting

For issuer data reporting to the Data Collection Agent for monthly pool administration, the requirements are specifically focused on:

- Monthly Pool Accounting Reporting Information
- Monthly Participation Level Reporting Information
- Monthly HECM Loan Level Reporting Information

Specific information about the reporting timelines and calendars, as well as detailed data element descriptions, is provided in the following pages.

The detailed specifications are provided in subsequent sections of this document.

APPENDIX I: HMBS Pooling and Reporting Specification

3 PROCESSING AND TIMELINE

Ginnie Mae anticipates the collection of information pertaining to the HMBS security, the security participations, and the underlying HECM loans at the time of origination and on an on-going monthly basis. In concept the processes and information requirements are similar to today's Ginnie Mae II Single Class Mortgage-Backed Securities program for amortizing mortgages.

There are 2 separate reporting processes and timelines. One of these is associated with Issuer reporting of pool issuance (origination) data to Ginnie Mae's Pool Processing Agent and Central Paying and Transfer Agent (PPA/CPTA). The other is associated with Issuer reporting of monthly loan level data to Ginnie Mae's Data Collection Agent (DCA).

Processing timelines for the Ginnie II program, and therefore for the HMS security are defined in the Ginnie Mae MBS Guide to include:

- Chapter 8 for policy regarding commitment authority and for obtaining pool numbers. Pool numbers must be obtained from Ginnie Mae and assigned to the pool by the issuer prior to submitting the data for pool issuance.
- Chapter 10 for policy regarding assembling and submitting pools—pools can be submitted during the month, up to and into the last week of the month. Pools will have an issue date of the first of that month, regardless of the actual date settled that month.
- Chapter 17 for policy regarding post settlement monthly reporting. Monthly accounting reports are due no later than the 10th calendar day of the month. For HBMS pools the loan level data is also due on this same schedule.
- Chapter 19 for policy regarding the requirement to report security RPB balances monthly. Security RPB balances are reported to the PPA each month on the 2nd business day. Updates and corrections can be made no later than the 5th business day.

All Ginnie Mae issuers are required to establish their Ginnie Mae monthly reporting period. In accordance with MBS Guide Chapter 17 (Section 17-3) issuers may select a cut off for their reporting period anytime between the 25th of the month and the first business day of the following month. Once defined to Ginnie Mae issuers must conform to this cut off every month.

- Monthly reporting is always for the Ginnie Mae reporting month. If the issuers' cut-off is the 30th of the month, then all activity up to and including the 30th is in the issuers reporting period. If the activity occurs after the 30th, it is in the next reporting period.
- The period of time is referred to as the “reporting period”, or as the “monthly reporting period”.

Monthly Pool Processing dates and deadlines are also posted on Ginnie Maes' website at www.ginniemae.gov/issuers.

APPENDIX I: HMBS Pooling and Reporting Specification

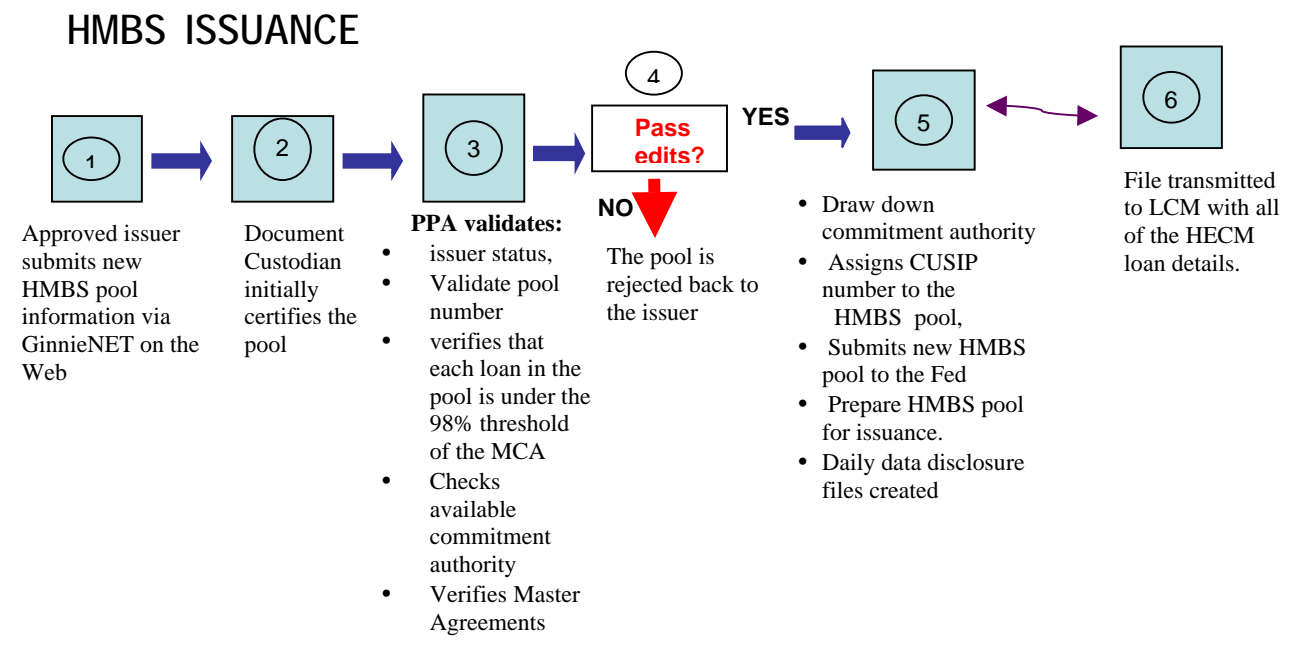
3.1 Issuer Reporting to Ginnie Mae's Pool Processing Agent and Central Paying and Transfer Agent (PPA/CPTA)

The issuer will assemble new pools and provide the information to Ginnie Mae's PPA/CPTA via GinnieNET. This data includes pool origination information, HECM Loan and Participation data, and Monthly RPB and payment information to Ginnie Mae's CPTA.

3.1.1 Pool Origination

The requirements for originating new pools are described in the MBS Guide Chapter 10. Issuers are required to arrange for access to GinnieNET, Ginnie Mae pool processing system. To obtain GinnieNET access the issuer must first complete a data interchange agreement in accordance with Section 10.2C of the MBS Guide. New pool data is processed through GinnieNET.

Figure 5-1 HMBS Issuance Process



New HMBS pools will be submitted through GinnieNET. A new Ginnie Mae II issue type "H" will be added to GinnieNET which will be used only for HMBS pools. These pools will not be eligible for multiple issuer pools at this time. New screens similar to the current 11705 (pool details) and 11706 (mortgage detail) screens will be used to enter or upload the additional data elements. There will be new pool types that will only be available to be used by HMBS pools; these are defined as follows:

- H-RF - Fixed Rate

APPENDIX I: HMBS Pooling and Reporting Specification

- H-RA - One Year Adjustable Rate, CMT
- H-RM - Monthly Adjustable Rate, CMT
- H-AL - One Year Adjustable Rate, LIBOR
- H-ML - Monthly Adjustable Rate, LIBOR

Pool numbers will be assigned for HMBS pool in the same manner that they are assigned today for other Ginnie Mae single class products.

HMBS pools must be comprised of like collateral. Fixed rate HECM loans must be pooled with other fixed rate HECM loans; CMT monthly adjustable rate HECM loans must be pooled with other CMT monthly adjustable rate HECM loans; CMT annual adjustable rate HECM loans must be pooled with other CMT annual adjustable rate HECM loans. For LIBOR based HECM loans, all of the loans in the pool must be LIBOR based loans. Note that with respect to the reset dates for the loans in pools, the reset dates can vary. It is not necessary to make all loans in the pool conform to a specific reset date. Issuers must ensure that HMBS securities contain only like benchmarked loans. These edits will be a part of GinnieNET HMBS New Pool Processing.

The pools will be submitted through GinnieNET on the Web only (will not be available on the desktop application) and will be saved on the GinnieNET Network. E-Notification will be used to advise document custodians that there are one or more pools on the GinnieNET network awaiting initial certification. Document custodians will sign onto GinnieNET and retrieve the pool(s). After performing their review, the document custodian will either reject or certify the pool.

Nightly, the GinnieNET Network will send the certified HMBS pools to the PPA along with all other certified pools. Commitment authority will be drawn down by the amount of the pool. Issuers will request/draw on commitment authority pursuant to existing Ginnie Mae MBS single-family policies. If there is insufficient commitment authority to cover the pool, the pool will be rejected. The issuer's eligibility status, pool number and Master Agreements will also be validated.

Pool processing timelines and requirements are published in the Ginnie Mae MBS Guide, available on Ginnie Mae's website.

3.1.2 HECM Loan and Participation

At the time of pooling, the issuer will provide various information about the HECM loan that is 'participating' in the pool (the HECM loan that is directly associated with a specific participation). A participation is defined as that portion of a HECM loan that is being securitized. This information will be extracted, by the issuer, from existing HECM origination data in the issuer's servicing system. Ginnie Mae anticipates that much of the required data will be currently available in the issuer's origination and servicing systems.

APPENDIX I: HMBS Pooling and Reporting Specification

However, the HMBS security does require some additional information that is new and would be added to the issuers process, in order to meet Ginnie Mae's requirements for the HMBS security. The new data requirements are described in this document. The HECM information collected by Ginnie Mae will not differ from the current servicing information. The "participation" aspect of the HMBS is new.

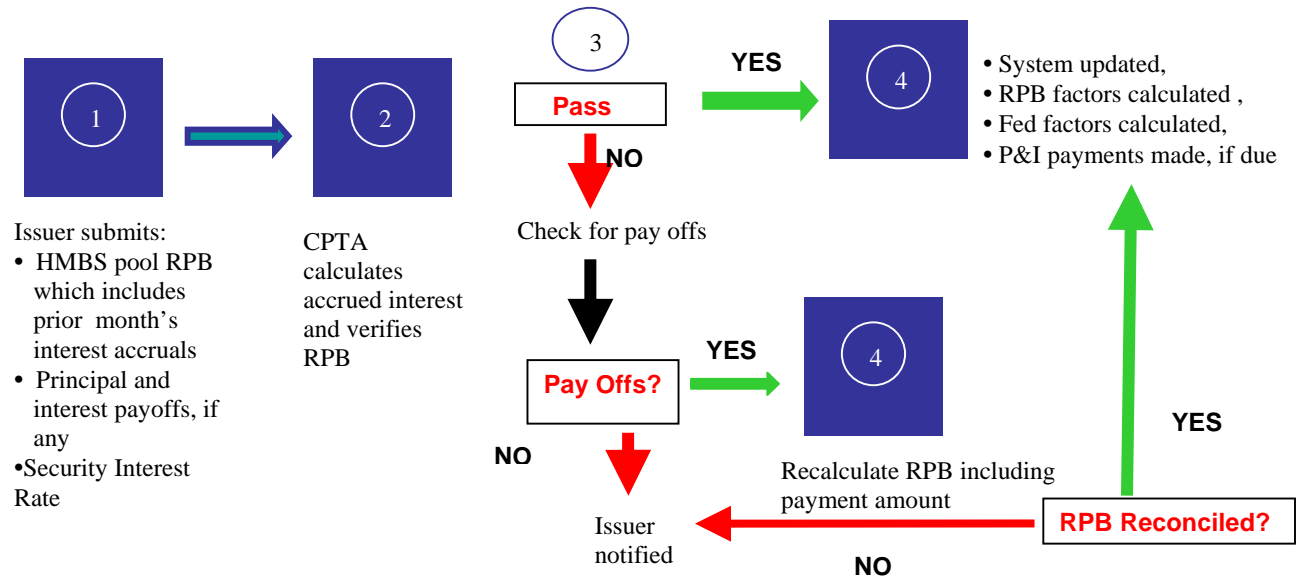
The participation information that will be collected relates to the part of the HECM loan that is being securitized. The participation is the collateral underlying the security and the pool that is reported in the 11705/11706 data. It is anticipated that, over time, a single HECM loan will be associated with multiple participations in multiple pools. The issuer will be responsible for maintaining these data relationships between HECM loans, participations of that HECM loan, and the related HBMS pools.

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3.1.3 Monthly Processing – HMBS Security RPB and Payment Reporting

HMBS Security RPB Reporting

RPB, Interest Rate, and Payment Reporting – 2nd



Monthly Security RPB and Security Interest Rate Reporting

Issuers will be required to report Remaining Principal Balances (RPBs) and Security Interest Rate each month. The initial report is due by the 2nd business day and corrections can be made through the 5th business day. HMBS RPBs will be calculated by adding the accrued interest for the month to the prior month's ending principal balance, minus payments if any. With the HMBS, RPB can increase each month thus creating a factor greater than 1.00000000. If there have been any payments during the prior month, issuers would report them separately.

The CPTA will edit the HMBS RPBs submitted by issuers by calculating the accrued interest (using the HMBS current security interest rate) and adding the result to the prior month's closing RPB. If during the reporting period there is a partial payment to the HECM this would be prorated to the participations and unsecuritized HECM loan balance, and that amount offset against the HMBS security RPB as part of the total calculation of that period's RPB. When issuers report payments, they must report both principal payment amounts and interest payment amounts separately. For the purpose of

APPENDIX I: HMBS Pooling and Reporting Specification

HMBS RPB calculations, the principal and interest will both be used to decrease the system calculated RPB. The newly calculated RPB will be compared to the issuer-reported RPB. If the RPBs do not match (within \$1) the RPB will be rejected and the issuer contacted.

Issuers will be required to report the Security Interest Rate each month along with the RPB. The Security Interest Rate is the weighted average interest rate, based on the participations in the pool. Ginnie Mae will disclose the interest rate each month along with the factors.

If the issuer does not confirm the RPB by the close of business on the 5th business day, the system will be updated with an estimated RPB calculated by Ginnie Mae. If there were any payments included in the reported RPBs, payments will be made to the Fed using the issuer's reported payment amount.

Similarly, if the issuer fails to report the Security Interest Rate by the close of business on the 5th business day, the system will be updated with an estimated rate calculated by Ginnie Mae.

Pre-Collection Notices

HMBS pools will be included on the pre-collection notices available to issuers on the 3rd and 7th business days. The HMBS pools will be included in the regular Ginnie Mae II notices showing only the guaranty fee to be collected unless there has been a payoff. If the issuer reported a payoff, the payoff amount will also be included on the pre-collection notice. The pre-collection notices will continue to be made available to the issuers through e-Notification.

RPBs for HMBS pools must be submitted through the current RPB reporting process or through *GinnieNET* from the 2nd through the 5th business day. RPBs for HMBS pools may be commingled with RPBs reported for other types of pools. All payments to security holders must be reported through *GinnieNET*. *GinnieNET* will:

- Accept RPBs for "H" pools
- Accept payments for "H" pools

Issuers not familiar with *GinnieNET*, should consult Chapter 10 of the MBS Guide for instructions on how to register to become users of *GinnieNET*.

Instructions for RPB reporting are provided in Chapter 19 of the MBS Guide. Each month, as of their reporting cut-off, issuers are required to report the aggregate remaining principal balance for each of their pools.

Monthly Payment Information

A payment to the HECM loan results in a requirement to calculate a pass through payment to the HMBS security holder. For payments collected in the reporting period, issuers must calculate and report the HMBS payment amount as of that reporting period's

APPENDIX I: HMBS Pooling and Reporting Specification

cutoff. Any payments collected after the issuer's cut-off would be reported in the next reporting period. In general the HECM loan payment is prorated to the participations in one or more HMBS pools and the unsecuritized HECM loan balance. The detailed instructions are provided in this guide. The issuer will report any payments to be passed through to security holders, as applicable that reporting month. Payments to HMBS security holders are considered to be "non-scheduled" events. Although a particular HECM loan may have a payment, that loan may be participating in more than one HMBS pool (multiple Participations in multiple pools). The amount reported to the CPTA should represent the pro-rata share belonging to the specific pool and may not necessarily represent the entire payment. When issuers report payments, they must report both principal payments and interest payments. For the purpose of HMBS RPB calculations, the principal and interest must both be used to decrease the system calculated RPB. Although the issuer is reporting principal payment amounts and interest payment amounts, in effect it is all principal because it is capitalized, as the principal has increased monthly by the accrued interest.

According to FHA HECM servicing rules, HECM loan payments (partial or full) can be made by the borrower at any time during the month (reporting period). Ginnie Mae expects issuers to comply with the FHA servicing guidelines for applying partial payments during the month, including the calculation of the interest portion attributable to each number of days in the month, pre and post payment.

To report HMBS payments, issuers will enter the HMBS pool number, pool indicator and pool type. The system will default the issuer number and name. The issuer will enter the reporting period, the payment date, the principal amount due to the Depository, and the interest due to the Depository. This information will be submitted along with any other RPBs entered on GinnieNET for other types of pools.

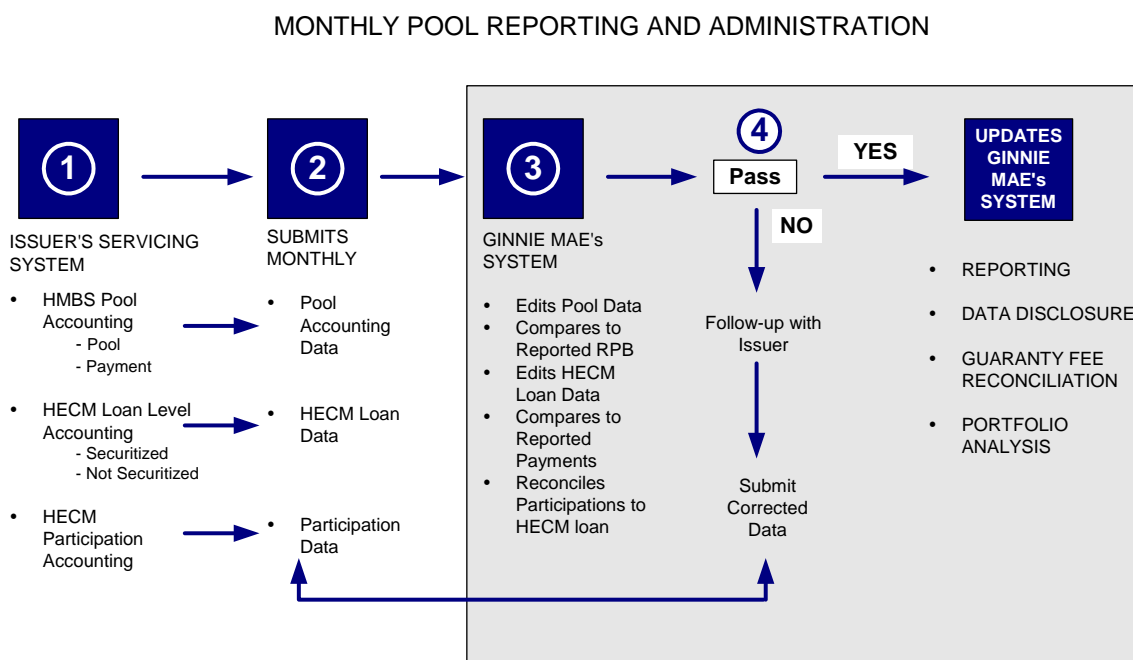
3.2 Issuer Monthly Reporting to Ginnie Mae's Data Collection Agent

The issuer will report pool accounting and pool administration data to Ginnie Mae's Data Collection Agent on a monthly basis, similar to the current process of reporting the 11710A data and the corresponding loan level detail. The monthly HMBS data is due no later than the 10th calendar day of the month. Issuers unfamiliar with the monthly reporting requirements in general should review Chapter 17 of the MBS Guide.

The Data Collection Agent will perform edits on this data and provide Exception feedback information (if any) to the issuer.

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3.2.1 Monthly Pool Accounting, Pool Administration and Reporting



HMBS Pool accounting data, HECM Loan Level data and HECM Participation level data would be reported by issuers each month. The data will be edited by the Ginnie Mae system and the Security RPB in the accounting data will be compared to RPB reported to the CPTA. Similarly, any reported payments to security holders through the CPTA will be reconciled to the monthly pool and loan reports (HECM Loan data). The Ginnie Mae Data Collection Agent will, on a monthly basis for Ginnie Mae's purposes, reconcile all of the participations to the underlying HECM loan. The HECM loans and the participations will have unique identifiers assigned by Ginnie Mae and reported by the issuers. Ginnie Mae will publish detailed information about the procedure for getting loan numbers, however in general it will work as follows:

- Issuers will be approved to obtain loan numbers in 'blocks' in advance of actual pooling of HMBS (similar in concept to obtaining pool numbers). Issuers will be responsible for obtaining loan numbers from Ginnie Mae and assigning them to the HECM loan, prior to submitting data for pool issuance. Use of the Ginnie Mae loan number allows Ginnie Mae to always uniquely identify the HECM loan throughout the life of the HMBS pool.
- Issuers will be responsible for assigning a 'suffix' number to each HECM loan participation. This will uniquely identify the participation when coupled with the HECM loan number. The participation will in effect have a loan number that is comprised of the HECM loan number and suffix.

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Detailed data item definitions are provided in this document.

Ginnie Mae's data structures will index the participations for a given HECM loan so that it can be reconciled and monitored. Data discrepancies will be resolved by follow-up with the issuer and the submission of corrected data as necessary.

Monthly Pool Reporting Information (see Section 5 for details)

The information that will be collected from the issuer is similar in concept to the current Ginnie Mae II (11710A) reporting of information that is summarized to the pool level and the security level. However the Form 11710A will not be used in the HMBS program. The HMBS pool reporting information will have different individual data elements and business rules. The reporting timeline will require the submission of the accounting data no later than the 10th calendar day.

Monthly Participation Level Information (see Section 5 for details)

Information will be collected from the issuer that pertains to the collateral in the pools, specifically basic loan level information about the HECM participations in the pool. The reporting timeline will require the submission of this data no later than the 10th calendar day.

Monthly HECM Loan Level Information (see Section 5 for details)

Information will be collected from the issuer that pertains to the securitized portion of the HECM loans that are associated with the various participations in the HMBS pools. Information pertaining to the unsecuritized portions of the HECM loans and for the HECM loans as a whole will also be collected. The reporting timeline will require the submission of this data no later than the 10th calendar day.

3.2.2 Exception Feedback

Data discrepancies will be resolved by follow-up with the issuer and the submission of corrected data as necessary.

Exception processing will begin as soon as possible after receipt of the issuer file. Each time the data is reported an exception information/download file is created. Issuers then may submit correction files as soon as they are ready for transmission.

If there are no exceptions, a positive confirmation will be provided.

APPENDIX I: HMBS Pooling and Reporting Specification

4 Reporting Requirements — Pool Issuance—Reporting Requirements for Assembling HMBS Pools

4.1 Pool Issuance Data Reporting

The issuer can submit pool issuance and HECM loan data anytime during the month up to the last week of the month. The monthly calendar with the specific “last day” of each month to submit pools is published on Ginnie Mae’s website. The pool issue date will always be dated as the first of the month regardless of what day in the month the data was actually submitted.

The record formats associated with creating new HMBS pools are described below. Each submission file must have a header record, trailer record and some number of individual records depending on the issuer data for that particular submission. Typically a single submission file would have a header, all of the individual records as applicable for the reporting period, and a trailer record. Multiple files can be submitted during the reporting period.

For each upload file layout below there is also a section that provides the definitions of each field in the record layout. These are numbered to correspond to the file layout.

Header Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant H - Header
2	Issuer_ID_Number	2	5	Numeric	4	
3	Record_Date	6	11	Date	6	YYYYMM

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. Issuer_ID_Number: Number Ginnie Mae assigned to this HECM Mortgage-Backed Securities issuer organization.

3. Record_Date: The Ginnie Mae reporting month for the data being reported to Ginnie Mae.

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Pool Issuance Record (11705)

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant P - Pool
2	Pool_Number	2	7	Character	6	Must be a valid Ginnie Mae pool.
3	Issue_Type	8	8	Character	1	Constant "H".
4	Pool_Type	9	11	Character	3	Must be one of the following: HRA, HRM, HRF, HAL, HML
5	Pool_Issue_Date	12	19	Date	8	YYYYMMDD Always the first of the month
6	Pool_EIN_Number	20	28	Numeric	9	
7	Security_Rate	29	34	Numeric	6	99.999
8	Security_Margin	35	39	Numeric	5	Always 0.000
9	Original_Aggregate_Amount	40	52	Numeric	13	9999999999999
10	P&I_Account_Number	53	62	Character	10	
11	P&I_Bank_ID_Number	63	71	Character	9	
12	Escrow_Account_Number	72	81	Character	10	If applicable
13	Escrow_Bank_ID_Number	82	90	Character	9	If applicable
14	Document_Custodian_ID_Number	91	99	Character	9	
15	Subcontract_Servicer_Issuer_ID_Number	100	103	Numeric	4	If applicable

1. Record_Type: The letter P will be the first character on each pool record.

2. Pool_Number: The Ginnie Mae Pool identifier; the number assigned by Ginnie Mae at pooling to the pool/loan package.

3. Issue_Type: Always equal to "H".

4. Pool_Type: The type of HECM pool, defined as follows:

- HRF - Fixed Rate
- HRA - One Year Adjustable Rate, CMT
- HRM - Monthly Adjustable Rate, CMT
- HAL - One Year Adjustable Rate, LIBOR
- HML - Monthly Adjustable Rate, LIBOR

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5. Pool Issue Date: The date the pool was issued; always the first of any given month.
6. Pool EIN Number: The Employer Identification Number (EIN) issued by the IRS for each pool/trust.
7. Security Rate: Interest rate associated with the Security. The security interest rate is a calculated weighted average of the underlying Participations, using the Participation UPB and the Participation Interest Rate. The Security Rate will be calculated by the issuer and submitted with the pooling data at the time of pool origination and issuance. Thereafter, the issuer will calculate the Security Rate monthly and report it monthly. The security weighted average interest rate should be calculated in the weighted average based on 8 decimal places to the right of the decimal point, then rounded to three decimal places to the right (format 99.999).
8. Security Margin: The security margin is not collected for the HMBS. Report zeros in this field.
9. Original Aggregate Amount: The total balance of the HECM loan participations included in the pool or loan package. This must equal the sum of the HECM loan participation balances for this pool origination.
10. P&I Account Number: The account number of the custodial bank holding the principal and interest for this pool.
11. P&I Bank ID Number: The ABA/Federal Routing Number of the financial institution that maintains the issuer's P&I custodial accounts this pool.
12. Escrow Account Number: The account number of the custodial bank holding the taxes and insurance for this pool, if applicable.
13. Escrow Bank ID Number: The ABA/Federal Routing Number of the financial institution that maintains the issuer's escrow accounts this pool, if applicable.
14. Document Custodian ID Number: The issuer's document custodian ID number assigned by the PPA for this pool.
15. Subcontract Servicer Issuer ID Number: The Ginnie Mae issuer ID number of the subcontract servicer of mortgages in the corresponding pool/loan package, if applicable.

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HECM Loan Issuance Record (11706) Schedule of Posted Mortgages

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant L – Loan
2	Loan_Key (Ginnie Mae HECM Loan Number)	2	10	Numeric	9	Unique loan identifier assigned by Ginnie Mae.
3	Participation_Number	11	13	Numeric	3	3 digit suffix attached to Loan Key
4	Pool_Number	14	19	Character	6	Must be a valid Ginnie Mae pool.
5	Issuer_Loan_Number	20	39	Character	20	
6	Loan_Type (Mortgage Type)	40	40	Character	1	1, for FHA
7	Property_Type	41	41	Character	1	1=Single Family, 2=Condominium, 3=Manufactured Housing 4=Planned Unit Development
8	Payment_Option	42	42	Character	1	A code 1= Tenure, 2=Term, 3=Line of Credit, 4=Modified Term, 5=Modified Tenure
9	FHA_Case_Number	43	57	Numeric	15	
10	Original_Interest_Rate	58	63	Numeric	6	99.999
11	Current_Interest_Rate	64	69	Numeric	6	99.999
12	Mortgage_Margin	70	74	Numeric	5	Always 0.000
13	Origination_Date	75	82	Date	8	MMDDYYYY
14	Joint_Or_Single_Loan	83	83	Character	1	J or S
15	Adjustment_Date (Annual/Monthly Reset Date)	84	91	Date	8	MMDDYYYY
16	Index_ARM	92	96	Character	5	CMT, LIBOR
17	Type_of_ARM_Note	97	97	Character	1	1, M
18	Cap_Lifetime_Interest_Rate_Change	98	103	Numeric	6	99.999
19	LTV_Ratio	104	109	Numeric	6	999.99
20	Maximum_Claim_Amount	110	122	Numeric	13	9999999999.99
21	Principal_Limit	123	135	Numeric	13	9999999999.99

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Field #	Field Name	Start	End	Type	Length	Remarks
22	Principal_Limit_Factor	136	142	Numeric	7	.999999
23	Prin_Bal_Securitized	143	155	Numeric	13	9999999999.99
24	Prin_Bal_Unsecuritized	156	168	Numeric	13	9999999999.99
25	Prin_Bal_Prev_Securitized	169	181	Numeric	13	9999999999.99
26	Loan_Servicing_Fee_Code	182	182	Character	1	1=Fixed Monthly 2=Spread
27	Participation_Interest_Rate	183	188	Numeric	6	99.999
28	Address_Street	189	243	Character	55	
29	Address_City	244	273	Character	30	
30	Address_State	274	275	Character	2	
31	Address_Zip	276	284	Numeric	9	
32	Borrower_First_Name	285	309	Character	25	
33	Borrower_Last_Name	310	334	Character	25	
34	Borrower_Birth_Date	335	342	Date	8	MMDDYYYY
35	Borrower_Gender	343	343	Character	1	M, F
36	Co-borrower_First_Name_1	344	368	Character	25	See Note 1 following this table
37	Co-borrower_Last_Name_1	369	393	Character	25	
38	Co-borrower_Birth_Date_1	394	401	Date	8	MMDDYYYY
39	Co-borrower_Gender_1	402	402	Character	1	M, F
40	Co-borrower_First_Name_2	403	427	Character	25	
41	Co-borrower_Last_Name_2	428	452	Character	25	
42	Co-borrower_Birth_Date_2	453	460	Date	8	MMDDYYYY
43	Co-borrower_Gender_2	461	461	Character	1	M, F
44	Co-borrower_First_Name_3	462	486	Character	25	
45	Co-borrower_Last_Name_3	487	511	Character	25	
46	Co-borrower_Birth_Date_3	512	519	Date	8	MMDDYYYY
47	Co-borrower_Gender_3	520	520	Character	1	M, F
48	Co-borrower_First_Name_4	521	545	Character	25	
49	Co-borrower_Last_Name_4	546	570	Character	25	
50	Co-borrower_Birth_Date_4	571	578	Date	8	MMDDYYYY
51	Co-borrower_Gender_4	579	579	Character	1	M, F

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1. Record Type: The letter L will be the first character on each loan record.
2. Loan Key: A number assigned by Ginnie Mae which uniquely identifies this loan.
3. Participation Number: A 3- digit suffix associated with the unique identifier assigned by Ginnie Mae to the HECM loan that uniquely identifies this Participation.
4. Pool Number: The Ginnie Mae Pool identifier; the number assigned by Ginnie Mae at pooling to the pool/loan package.
5. Issuer Loan Number: The number assigned by the issuer to uniquely identify the loan to their internal system.
6. Loan Type: A one digit code which depicts the government agency associated with this loan. Use "1" for FHA.
7. Property Type: The type of property: Single Family, Condominium, Manufactured Housing, Planned Unit Development
8. Payment Option: The method to receive payments (tenure, term, line of credit, modified tenure, modified term) that selected by the borrower associated with the HECM loan.
9. FHA Case Number: The agency case number assigned to the loan by the government agency associated with the loan: FHA. It must be the same case number that was reported (on the Schedule of Pooled Mortgages) to GinnieNET at the time of pool origination.
10. Original Interest Rate: The original interest rate of the loan.
11. Current Interest Rate: The current interest rate of the loan.
12. Mortgage Margin: Mortgage Margin is not collected. Report 0's in this field.
13. Origination Date: The date the HECM loan was originated.
14. Joint Or Single Loan: Indicates whether there is only one borrower, or if there are co-borrowers.
15. Adjustment Date: The security adjustment date (annual/monthly reset date), which is the date on which the interest rate for the security and the mortgage will change.
16. Index ARM: The ARM index being used. It will be either CMT (Constant Maturity Treasury) or LIBOR (London Interbank Offered Rate).
17. Type of ARM Note: The type of ARM loan, either annually-adjusting or monthly-adjusting.
18. Cap Lifetime Interest Rate Change: A cap that limits the interest rate increase over the life of the loan. The value is "5" for 1-Year adjusting loans, and Issuer-defined for Monthly adjusting loans.
19. LTV Ratio: The Loan-to-Value Ratio associated with this loan. For example, for an FHA

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loan the LTV recorded in the FHA system. This is the LTV at the time of loan origination, if applicable.

20. Maximum Claim Amount: The maximum claim amount is the lesser of the appraised value of the property or the maximum mortgage amount for a one-family residence that HUD will insure in an area under Section 203(b)(2) of the National Housing Act. The maximum claim amount is established when the Conditional Commitment is issued and represents the maximum amount that HUD will pay on a claim for insurance benefits.

21. Principal Limit: The principal limit is the maximum HECM mortgage amount; it equals the maximum claim amount times the principal limit factor.

22. Principal Limit Factor: The principal limit factor is the percent of the maximum claim amount that equals the principal limit. It is determined by the age of the youngest borrower and the expected average mortgage interest rate.

23. Prin Bal Securitized: As of the close of the servicing/accounting period that portion of the HECM loan principal balance that is being securitized via this Participation. This is the “participation” amount of the HECM loan that is assigned to the pool being assembled/issued.

24. Prin Bal Unsecuritized: As of the close of the servicing/accounting period, that portion of the HECM loan (accumulated principal) that has not been securitized in any HMBS.

25. Prin Bal Prev Securitized: As of the close of the servicing/accounting period, that portion of the HECM loan that had been previously securitized in all HMBS—the sum of the principal balance of the existing Participations.

26. Loan Servicing Fee Code: A code which describes the type of Loan Servicing Fee applied to this loan.

27. Participation Interest Rate: The interest rate for the Participation. The interest rate for the participation will be determined by the issuer at the time of pool issuance. For a HECM loan where the servicing fee is a flat monthly amount, the participation will be 6 bps below the HECM note rate. For a HECM loan where the servicing is based on a “spread” the participation interest rate will be determined by the spread. The spread must be between 25 bps and 75 bps below the HECM note rate.

28. Address Street: The street address of the property that is mortgaged under this loan.

29. Address City: The name of the city in which the property associated with this mortgage is located.

30. Address State: The U.S. Postal Service code for the state for the property.

31. Address Zip: The U.S. Postal Service ZIP code of the property.

32. Borrower First Name: First name of the borrower of this loan.

33. Borrower Last Name: Last name of the borrower of this loan.

34. Borrower Birth Date: The birth date of the borrower associated with this loan.

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35. Borrower Gender: The gender of the borrower.
36. Co-borrower First Name 1: First name of the first Co-borrower of this loan.
37. Co-borrower Last Name 1: Last name of the first Co-borrower of this loan.
38. Co-borrower Birth Date 1: The birth date of the first Co-borrower associated with this loan.
39. Co-borrower Gender 1: The gender of the first Co-borrower.
40. Co-borrower First Name 2: First name of the second Co-borrower of this loan.
41. Co-borrower Last Name 2: Last name of the second Co-borrower of this loan.
42. Co-borrower Birth Date 2: The birth date of the second Co-borrower associated with this loan.
43. Co-borrower Gender 2: The gender of the second Co-borrower.
44. Co-borrower First Name 3: First name of the third Co-borrower of this loan.
45. Co-borrower Last Name 3: Last name of the third Co-borrower of this loan.
46. Co-borrower Birth Date 3: The birth date of the third Co-borrower associated with this loan.
47. Co-borrower Gender 3: The gender of the third Co-borrower.
48. Co-borrower First Name 4: First name of the fourth Co-borrower of this loan.
49. Co-borrower Last Name 4: Last name of the fourth Co-borrower of this loan.
50. Co-borrower Birth Date 4: The birth date of the fourth Co-borrower associated with this loan.
51. Co-borrower Gender 4: The gender of the fourth Co-borrower.

Note 1: The issuer must report any changes to the list of borrowers/co-borrowers. Whenever there is a change (for example one borrower dies) the issuer must report the updated complete set of borrowers/co-borrowers information in the monthly accounting data as described in the Section 5 below.

Trailer Issuer Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant T- Trailer
2	Issuer_ID_Number	2	5	Numeric	4	
3	Record_Date	6	11	Date	6	YYYYMM

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Field #	Field Name	Start	End	Type	Length	Remarks
4	Pool_Count	12	17	Numeric	6	
5	Loan_Count	18	24	Numeric	7	

1. Record Type: The letter T will be the first character on each trailer record.
2. Issuer ID Number: Number Ginnie Mae assigned to this HECM Mortgage-Backed Securities issuer organization.
3. Record Date: The Ginnie Mae reporting month being reported to Ginnie Mae
4. Pool Record Count: The number of pools for this issuer that are being reported in this file.
5. Loan Record Count: The number of 11706 records for this issuer that is being reported in this file.

4.2 Pool Remaining Principal Balance (RPB) and Payment Data Reporting

RPB and payment data reporting is done for all active pools. The first time an issuer will submit Pool RPB data is on the second business day of the month following the pool issue date, and every month thereafter for the life of the pool. Pool RPB must be reported between the second and fifth business day each month.

Pool RPB Reporting--Monthly

For Pool RPB reporting, Issuers should use the same RPB reporting record format (including header and trailer records) and procedures as described in the Ginnie Mae MBS Guide. See Chapter 19 of the Ginnie Mae MBS Guide and see MBS Guide Appendix VII-1 Remaining Principal Balance (RPB) Submission Formats.

Security Interest Rate and Payment Data Reporting--Monthly

Initially, HMBS security interest rates and pool payments will be entered into GinnieNET on line. The Issuer will report the weighted average security interest rate for each Pool by entering the Security Interest Rate directly into GinnieNet. The Issuer will report any payments received pertaining to a Pool by entering the payment data directly into GinnieNet. The issuer will report the summary payment amount together with the interest and principal components of the payment amount as applicable. (Note that the security interest rate and the detail participation payment amount will also be reported with the monthly accounting data.) As volume increases, Ginnie Mae will implement a data file upload function for reporting security interest rate and payments.

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5 Monthly Reporting Pool Accounting and Loan Level Requirements

The Issuer will report Pool and Loan-Level accounting data to the Ginnie Mae Data Collection Agent on a monthly basis. The reporting approach in general follows the current Ginnie II reporting on the pool of loans and security.

The various “static” data items, related to the borrower and the loan, would be collected once at pool origination, in accordance with the data collection requirements in Section 3 and 4 above. Ginnie Mae will retain this data in its database. Thereafter the data would be reported by the issuer only if there is a need to correct/change the original data.

The Issuer will report the following monthly reporting data in separate files:

- Pool/Security Accounting Records – accounting data about the pool which will include Collateral Information and reporting about the HMBS security.
- Participation Accounting Records – accounting data about each Participation, including interest accruals and payment amounts.
- HECM Loan Data Accounting Records – accounting data about the securitized portion of the HECM loan, the unsecuritized portion of the HECM loan, and the HECM loan as a whole.

Each submission file must have a header record, trailer record and some number of individual records depending on the issuer data associated with that particular file type. Typically a single submission file would have a header, all of the individual records as applicable for the reporting period, and a trailer record.

Each upload file layout is followed by the definitions of each field in the record layout.

Header Accounting Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant H - Header
2	Record_Date	2	7	Date	6	YYYYMM
3	File_Date	8	15	Date	8	MMDDYYYY
4	File_Type	16	16	Character	1	S, P, L

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. Record_Date: The Ginnie Mae reporting month for the data being reported to Ginnie Mae.

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3. File Date: The date the file was created.

4. File Type: The type of data records contained in the file. Record types cannot be commingled. Values are “S” (Security), “P” (Participation), or “L” (HECM Loan).

Trailer Accounting 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.

Pool/Security Accounting Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant S- Security
2	Issuer_ID_Number	2	5	Numeric	4	
3	Pool_Number	6	11	Character	6	Must be a valid Ginnie Mae pool.
4	Participation_Count	12	15	Numeric	4	
5	HECM_Status_Count	16	19	Numeric	4	
Collateral Information						
6	Prior_Period_Pool_UPB	20	32	Numeric	13	9999999999.99
7	Pool_Accrued_Interest_This_Period	33	45	Numeric	13	9999999999.99
8	Number_Payments_This_Period	46	51	Numeric	6	
9	Pool_Ending_UPB	52	64	Numeric	13	9999999999.99
10	Pool_Accrued_Interest_To date	65	77	Numeric	13	9999999999.99
Reporting about the HMBS Security						
11	Prior_Security_RPB	78	90	Numeric	13	9999999999.99

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Field #	Field Name	Start	End	Type	Length	Remarks
12	Security_Payments_This_period	91	103	Numeric	13	9999999999.99
13	Payments_Principal_This_Period	104	116	Numeric	13	9999999999.99
14	Payments_Interest_This_Period	117	129	Numeric	13	9999999999.99
15	Security_Accrued_Interest_This_Period	130	142	Numeric	13	9999999999.99
16	Security_Accrued_Interest_To date	143	155	Numeric	13	9999999999.99
17	Security_RPB_Adjustment	156	169	Numeric	14	9999999999.99 (+/-)
18	Security_Ending_RPB	170	182	Numeric	13	9999999999.99
19	Guaranty_Fee_Amount	183	195	Numeric	13	9999999999.99
20	Security_Interest_Rate	196	201	Numeric	6	99.999
21	P&I_Account_Name	202	226	Character	25	
22	P&I_Account_Number	227	236	Character	10	
23	P&I_Fund_Balance	237	249	Numeric	13	9999999999.99
24	Escrow_Account_Name	250	274	Character	25	If applicable
25	Escrow_Account_Number	275	284	Character	10	If applicable
26	Escrow_Fund_Balance	285	297	Numeric	13	9999999999.99; If applicable
27	Monthly_Amortized_Amount_of_OID	298	309	Numeric	12	9999999999.99
28	Market_Discount_Fraction	310	318	Numeric	9	.99999999

1. Record Type: The letter S will be the first character on each pool/security record.
2. Issuer ID Number: The Number assigned by Ginnie Mae to this HECM Mortgage-Backed Securities issuer organization.
3. Pool Number: The Ginnie Mae Pool identifier; the number assigned by Ginnie Mae at pooling to the pool/loan package.
4. Participation Count: The number of the Participations reported for this pool this period. Include participations that have been fully liquidated this period. This includes Participations that may have had a partial payment in the reporting period.
5. HECM Status Count: The number of HECM loans associated with this pool that are not in good standing this period. This data field is intended to capture a count of loans that are deemed due and payable for the borrower's failure to adhere to the covenants of the HECM mortgage. This count ties to the HECM Loan Data Accounting Records where the HECM_Status_Code field has a value indicating the loan is not in good standing.
6. Prior Period Pool UPB: The ending pool principal balance from last period. The ending balance from the last period's report becomes the beginning balance for the current month's report. This value should match the ending pool principal balance value reported last month.

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7. Pool Accrued Interest This Period: The total interest accrued on the pool of Participations for this reporting period. This is the sum of the individual accrued interest amounts on the participations in the pool this period. This is the sum of the individual amounts of the Participation_Accrued_Interest_This_Period for all participations in the pool.

8. Number Payments this Period: The number of Participations with payment amounts (partial and full) in this pool this period.

9. Pool Ending UPB: The sum of the ending Participation_UPB balances of the Participations in this pool this period. This must equal the Security Ending_RPB this period.

10. Pool Accrued Interest To Date: Total accrued interest net of any adjustments due to partial or full payments. This is the current amount of net accrued interest to date for the Participations in this pool as of the end of this period.

11. Prior Security RPB: The ending Security Principal Balance from last period. This becomes the opening balance for the current period. This value should match the ending security principal balance value reported last month.

12. Security Payments this Period: The sum of the participation payment amounts. This payment amount is the amount that is passed through to the Security holders this period. This should equal the payment amount reported to the Ginnie Mae Central Paying and Transfer Agent (CPTA).

13. Payments Principal this Period: The principal portion of the Security Payments passed through to Security holders this period. The sum of the Participation payment amounts that are payments applied to original principal of the Participations. This value together with Payments_Interest should equal the Security_Payments amount. Report 0's if none of the payment is associated with original principal

14. Payments Interest this Period: The interest portion of the Security Payments passed through to Security holders this period. . The sum of the Participation payment amounts that are payments applied to the accumulated interest on the Participations. This value together with Payments_Principal should equal the Security_Payments amount. Report 0's if none of the payment is associated with accrued interest.

15. Security Accrued Interest (unadjusted)This Period: The unadjusted total amount of accrued interest on the security this period. This is the amount calculated from multiplying the weighted average interest rate and RPB from the close of last period, divided by 12. Do not adjust this amount. Report the total from the calculation.

16. Security Accrued Interest To Date The net accumulated interest for the Security to date. This is the total accrued interest on the Security net of adjustments and payments. This is the pervious periods Security Accrued Interest To Date balance plus Security Accrued Interest (unadjusted)This Period minus Payments Interest This Period plus or minus the Participation Adjust UPB Interest amounts.

17. Security RPB Adjustment: Adjustment to the Security RPB (for participation interest shortfall due to payments, error correction, etc.). This is the sum of the Adjust Participation UPB_Interest, and Adjust Participation UPB Other amounts for the Participations in the pool. If

APPENDIX I: HMBS Pooling and Reporting Specification

there is an adjustment to the Security RPB there must be an underlying adjustment for one or more Participations.

18. Security Ending RPB: The ending security balance for the security this period. This is the sum of the beginning Security RPB balance, plus Security Accrued Interest this Period, plus/minus Security RPB Adjustments; minus Payment Amount this Period. This value should be the same as the "RPB" reported to the CPTA.

19. Guaranty Fee Amount: Six Basis Points or TLI Basis Points applied to the Security closing balance from the last reporting period. The Guaranty fee is that balance times the guaranty fee rate divided by 12.

20. Security Interest Rate: The Security Interest Rate is the rate that interest accrues on the HMBS. The Security Interest Rate is a calculated weighted average of the underlying Participations, using the Participation UPB and the Participation Interest Rate. This is calculated based on 8 digits to the right of the decimal point and rounded to three (99.999) This rate is calculated monthly by the issuer, at the close of each reporting period. The rate from the close of the period will be in effect for the next period.

21. P&I Account Name: See MBS Guide requirements for monthly reporting. This value should match the pool master P&I Account name.

22. P&I Account Number: See MBS Guide requirements for monthly reporting. This value should match the pool master P&I Account number.

23. P&I Fund Balance: See MBS Guide requirements for monthly reporting.

24. Escrow Account Name: See MBS Guide requirements for monthly reporting. This value should match the pool master Escrow Account name, if applicable.

25. Escrow Account Number: See MBS Guide requirements for monthly reporting. This value should match the pool master Escrow Account number, if applicable.

26. Escrow Fund Balance: See MBS Guide requirements for monthly reporting, if applicable.

27. Monthly Amortized Amount of OID: The dollar amount reported monthly that represents the monthly amortized amount of the OID, as calculated by the issuer. This can be reported as zero. If the issuer considers the OID to be not applicable, the issuer will report spaces in the field.

28. Market Discount Fraction: This is the monthly market discount fraction related to the OID, as calculated by the issuer. This is always less than 1, and can be zero. If the issuer considers the OID to be not applicable, the issuer will report spaces in the field.

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Participation Accounting Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant P- Participation
2	Issuer_ID_Number	2	5	Numeric	4	
3	Pool_Number	6	11	Character	6	Must be a valid Ginnie Mae pool.
4	Loan_Key	12	20	Numeric	9	Ginnie Mae unique loan number assigned to the HECM.
5	Participation_Number	21	23	Numeric	3	3 digit suffix associated to Loan_Key
6	Participation_OPB	24	36	Numeric	13	9999999999.99
7	Participation_Interest_Rate	37	42	Numeric	6	99.999
8	Participation_Prior UPB	43	55	Numeric	13	9999999999.99
9	Participation_Accrued_Interest_This_Period	56	68	Numeric	13	9999999999.99
10	Participation Adjust UPB_Interest	69	82	Numeric	14	9999999999.99 (+/-)
11	Participation Adjust UPB_Other	83	96	Numeric	14	9999999999.99 (+/-)
12	Participation_UPB	97	109	Numeric	13	9999999999.99
13	Participation_Accrued_Interest_To_Date	110	122	Numeric	13	9999999999.99
14	Participation_Payment_This_Period	123	135	Numeric	13	9999999999.99
15	Participation_Payment_Principal_Amt_This_Period	136	148	Numeric	13	9999999999.99
16	Participation_Payment_Interest_Amt_This_Period	149	161	Numeric	13	9999999999.99
17	Participation Gross Interest_This_Period	162	174	Numeric	13	9999999999.99
18	Participation Servicing Fee_This_Period	175	182	Numeric	8	99999.99

1. Record_Type: The letter P will be the first character on each Participation record.

2. Issuer_ID_Number: Number Ginnie Mae assigned to this HECM Mortgage-Backed Securities issuer organization.

3. Pool_Number: The Ginnie Mae Pool identifier; the number assigned by Ginnie Mae at pooling to the pool/loan package.

APPENDIX I: HMBS Pooling and Reporting Specification

4. Loan Key: A number assigned by Ginnie Mae which uniquely identifies this loan.
5. Participation Number: A 3-character suffix associated with the HECM loan that uniquely identifies this HECM loan Participation.
6. Participation OPB: The original principal balance of the Participation at the time of pool origination.
7. Participation Interest Rate: The interest rate of the Participation.
8. Participation Prior UPB This is the ending UPB of the Participation from last report.
9. Participation Accrued Interest This Period: Interest accrued this period on the Participation. This value should equal the closing Participation balance from last period times the Participation interest rate divided by 12. Report the full months interest accrued this period for this participation, even if there is a full or partial payment to the participation. Do not adjust the accrued interest.
10. Participation Adjust UPB Interest: Use this field to report accrued interest adjustments to the Participation this period. If there is a full or partial payment in the reporting period, use this field to adjust the interest shortfall for the days/balance that did not accrue interest. The sum of this adjustment field plus the sum of Adjust_Participation UPB_Other is the amount that is summed into the Security_RPB_Adjustment field.
11. Participation Adjust UPB Other: Use this field to report adjustments to the Participation this period other than interest.. The sum of this adjustment field plus the sum of Adjust_Participation UPB_Interest is the amount that is summed into the Security_RPB_Adjustment field.
12. Participation UPB: The ending principal balance of the Participation; this is the accumulated balance of the Participation. This value should equal $\text{Participation_Prior_UPB} + \text{Participation_Accrued_Interest_This_Period} + \text{Adjust Participation UPB(Interest, Other) (+/-)} - \text{Participation_Payment}$.
13. Participation Accrued Interest To Date: The total accrued interest on the Participation, net of any payments and adjustments. This value should equal last month's $\text{Participation_Accrued_Interest_To date} + \text{this month's Participation_Accrued_Interest_This_Period} + \text{Adjust Participation UPB (Interest, Other) (+/-)}$, minus $\text{Participation Payment Interest}$ this period. If all accrued interest on the Participation has been paid down, report 0's.
14. Participation Payment this Period: The payment amount for this Participation this period as calculated by the issuer using the HECM HMBS payment proration. Payments are prorated to the HECM loan and then to the Participations. If Payments occur during the month the issuer must calculate the interest shortfall relative to the Security, and report this dollar amount as Adjust Participation UPB. This is should equal the Participation Payment Principal plus the Participation Payment Interest.
15. Participation Payment Principal Amt this Period: The portion of the Participation_Payment that is applied to original principal of the Participation. This value together with

APPENDIX I: HMBS Pooling and Reporting Specification

Participation_Payment_Interest_Amt should equal the Participation_Payment amount reported. If there is no amount applied to original principal report 0's.

16. Participation Payment Interest Amt this Period: The portion of the Participation_Payment amount applied to accrued interest on the Participation. This value together with the Participation_Payment_Principal_Amt should equal the Participation_Payment amount reported. If there is no amount applied to accrued interest report 0's.

17. Participation Gross Interest This Period: This is the amount of total HECM loan interest allocated to the Participation this period. It is the amount of total interest at the HECM note rate associated with the Participation.

18. Participation Servicing Fee this Period: This is the amount of total HECM servicing fee allocated to the Participation this period.

APPENDIX I: HMBS Pooling and Reporting Specification

HECM Loan Data Accounting Record

Field #	Field Name	Start	End	Type	Length	Remarks
1	Record_Type	1	1	Character	1	Constant L - HECM Loan
2	Issuer_ID_Number	2	5	Numeric	4	
3	Loan_Key	6	14	Numeric	9	Ginnie Mae unique loan number assigned to the HECM.
4	Loan_Type	15	15	Character	1	FHA
5	FHA_Case_Number	16	30	Numeric	15	
6	Issuer_Loan_Number	31	50	Character	20	
7	Maximum_Claim_Amount	51	63	Numeric	13	999999999.99
8	Principal_Limit	64	76	Numeric	13	999999999.99
9	Loan_Servicing_Fee_Code	77	77	Character	1	1=Fixed Monthly 2=Spread
Report on Total HECM						
10	HECM_OPB	78	90	Numeric	13	999999999.99
11	HECM_Accrued_Interest_This_Period	91	103	Numeric	13	999999999.99
12	HECM_Accrued_Interest_To_Date	104	116	Numeric	13	999999999.99
13	HECM_UPB	117	129	Numeric	13	999999999.99
14	HECM_Payment Amount this Period	130	142	Numeric	13	999999999.99
15	HECM_Interest_Rate	143	148	Numeric	6	99.999
16	HECM_Status_Code	149	149	Character	1	1) Good standing 2) Not in good standing
17	Payment_Reason (Payment Code)	150	150	Numeric	1	1) Refinance, 2) Voluntary full Repayment, 3) Borrower moves, 4) Death of the borrower 5) Assignment to FHA 6) Foreclosure 7) Voluntary Partial Repayment
18	Payment_Date	151	158	Date	8	MMDDYYYY
Report on Securitized Part of HECM Loan						
19	HECM_Securitized_Principal_Balance	159	171	Numeric	13	999999999.99
20	Guaranty_Fee_Amount_HECM_Securitized	172	184	Numeric	13	999999999.99
21	Accrued_Interest_HECM_Securitized	185	197	Numeric	13	999999999.99

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Field #	Field Name	Start	End	Type	Length	Remarks
22	Payments_This_Period_HECM_Securitized	198	210	Numeric	13	9999999999.99
23	Payments_Total_HECM_Securitized	211	223	Numeric	13	9999999999.99
24	Participation_Count	224	227	Numeric	4	
Report on Unsecuritized Part of HECM Loan						
25	HECM_Unsecuritized_Principal_Balance	228	240	Numeric	13	9999999999.99
26	Accrued_Interest_HECM_Unsecuritized	241	253	Numeric	13	9999999999.99
27	Payments_This_Period_HECM_Unsecuritized	254	266	Numeric	13	9999999999.99
28	Payments_Total_HECM_Unsecuritized	267	279	Numeric	13	9999999999.99
Report on Sensitive Data of HECM Loan						
29	Address_Street	280	334	Character	55	
30	Address_City	335	364	Character	30	
31	Address_State	365	366	Character	2	
32	Address_Zip	367	375	Numeric	9	
33	Borrower_First_Name	376	400	Character	25	
34	Borrower_Last_Name	401	425	Character	25	
35	Borrower_Birth_Date	426	433	Date	8	MMDDYYYY
36	Borrower_Gender	434	434	Character	1	M, F
37	Co-borrower_First_Name_1	435	459	Character	25	
38	Co-borrower_Last_Name_1	460	484	Character	25	
39	Co-borrower_Birth_Date_1	486	492	Date	8	MMDDYYYY
40	Co-borrower_Gender_1	493	493	Character	1	M, F
41	Co-borrower_First_Name_2	494	518	Character	25	
42	Co-borrower_Last_Name_2	519	543	Character	25	
43	Co-borrower_Birth_Date_2	544	551	Date	8	MMDDYYYY
44	Co-borrower_Gender_2	552	552	Character	1	M, F
45	Co-borrower_First_Name_3	553	577	Character	25	
46	Co-borrower_Last_Name_3	578	602	Character	25	
47	Co-borrower_Birth_Date_3	603	610	Date	8	MMDDYYYY
48	Co-borrower_Gender_3	611	611	Character	1	M, F
49	Co-borrower_First_Name_4	612	636	Character	25	
50	Co-borrower_Last_Name_4	637	661	Character	25	
51	Co-borrower_Birth_Date_4	662	669	Date	8	MMDDYYYY

APPENDIX I: HMBS Pooling and Reporting Specification

Field #	Field Name	Start	End	Type	Length	Remarks
52	Co-borrower_Gender_4	670	670	Character	1	M, F

1. Record Type: The letter L will be the first character on each HECM loan data record.
2. Issuer ID Number: Number Ginnie Mae assigned to this HECM Mortgage-Backed Securities issuer organization.
3. Loan Key: A number assigned by Ginnie Mae which uniquely identifies this loan.
4. Loan Type: A code that depicts the government agency associated with this loan
5. FHA Case Number: The agency case number assigned to the loan by the government agency associated with the loan: FHA. It must be the same case number that was reported (on the Schedule of Pooled Mortgages) to GinnieNET at the time of pool origination.
6. Issuer Loan Number: The number assigned by the issuer to uniquely identify the loan to their internal system.
7. Maximum Claim Amount: The maximum claim amount is the lesser of the appraised value of the property or the maximum mortgage amount for a one-family residence that HUD will insure in an area under Section 203(b)(2) of the National Housing Act. The maximum claim amount is established when the Conditional Commitment is issued and represents the maximum amount that HUD will pay on a claim for insurance benefits.
8. Principal Limit: The principal limit is the maximum HECM mortgage amount; it equals the maximum claim amount times the principal limit factor.
9. Loan Servicing Fee Code: A code which describes the type of Loan Servicing Fee applied to this loan.
10. HECM OPB: The original principal balance of the HECM.
11. HECM Accrued Interest This Period: Interest accrued this period on the total HECM loan, as per the FHA loan servicing requirements.
12. HECM Accrued Interest To Date: The total accrued interest on the HECM, net of any payments and adjustments. This value should equal last month's HECM_Accrued_Interest_To_Date value + this months HECM_Accrued_Interest_This_Period value.
13. HECM UPB: The ending principal balance of the HECM; this is the accumulated net principal outstanding this reporting period. This value should equal HECM_Securitized_Principal_Balance value + HECM_Unsecuritized_Principal_Balance value.
14. HECM Payment Amount this Period: The payment amount for this HECM this period. If there are more than one payment applied to the HECM this period, report the total of all payments. This value should equal the sum of the payments of both the securitized and unsecuritized portions of the HECM.

APPENDIX I: HMBS Pooling and Reporting Specification

15. HECM Interest Rate: The interest rate of the HECM Loan.

16. HECM Status Code: Indicates if the HECM loan is in good standing; a code which indicates the reason the loan is not in good status.

17. Payment Reason: (Payment Code) The reason for the payment amount, including whether partial or full.

18. Payment Date: The date of the payment.

19. HECM Securitized Principal Balance: The accumulated net principal balance of all securitized parts of the HECM loan this period. This value should equal the sum of all Participations for the period across all Pools that have Participations for this HECM loan.

20. Guaranty Fee Amount HECM Securitized: the total Guaranty Fee amount this period for all Participations. This value should equal the sum of associated Participation guaranty fees for this period.

21. Accrued Interest HECM Securitized: Total accrued interest this period for all Participations. This value should equal the sum of associated Participation accrued interest for this period.

22. Payments This Period HECM Securitized: The total of payments applied to Participations this period. This value should equal the sum of payments of all Participations for this period for this HECM.

23. Payments Total HECM Securitized: The total accumulated payments applied to Participations for this HECM. This value should equal last month's Payments_Total_HECM_Securitized value plus this month's Payments_This_Period_HECM_Securitized value.

24. Participation Count: The number of Participations associated with this HECM loan. Do not include previously liquidated Participations.

25. HECM Unsecuritized Principal Balance: The accumulated net principal balance of the unsecuritized part of the HECM loan this period.

26. Accrued Interest HECM Unsecuritized: Total accrued interest this period for of the unsecuritized part of the HECM loan, as per the servicing requirements.

27. Payments This Period HECM Unsecuritized: The total of the payments of the unsecuritized part of the HECM loan.

28. Payments Total HECM Unsecuritized: The total accumulated payments of the unsecuritized part of the HECM loan. This value should equal last month's Payments_Total_HECM_Unsecuritized value plus this month's Payments_This_Period_HECM_Unsecuritized value.

29. Address Street: The street address of the property that is mortgaged under this loan.

APPENDIX I: HMBS Pooling and Reporting Specification

30. Address_City: The name of the city in which the property associated with this mortgage is located.
31. Address_State: The U.S. Postal Service code for the state for the property.
32. Address_Zip: The U.S. Postal Service ZIP code of the property.
33. Borrower_First_Name: First name of the borrower of this loan.
34. Borrower_Last_Name: Last name of the borrower of this loan.
35. Borrower_Birth_Date: The birth date of the borrower associated with this loan.
36. Borrower_Gender: The gender of the borrower.
37. Co-borrower_First_Name_1: First name of the first Co-borrower of this loan.
38. Co-borrower_Last_Name_1: Last name of the first Co-borrower of this loan.
39. Co-borrower_Birth_Date_1: The birth date of the first Co-borrower associated with this loan.
40. Co-borrower_Gender_1: The gender of the first Co-borrower.
41. Co-borrower_First_Name_2: First name of the second Co-borrower of this loan.
42. Co-borrower_Last_Name_2: Last name of the second Co-borrower of this loan.
43. Co-borrower_Birth_Date_2: The birth date of the second Co-borrower associated with this loan.
44. Co-borrower_Gender_2: The gender of the second Co-borrower.
45. Co-borrower_First_Name_3: First name of the third Co-borrower of this loan.
46. Co-borrower_Last_Name_3: Last name of the third Co-borrower of this loan.
47. Co-borrower_Birth_Date_3: The birth date of the third Co-borrower associated with this loan.
48. Co-borrower_Gender_3: The gender of the third Co-borrower.
49. Co-borrower_First_Name_4: First name of the fourth Co-borrower of this loan.
50. Co-borrower_Last_Name_4: Last name of the fourth Co-borrower of this loan.
51. Co-borrower_Birth_Date_4: The birth date of the fourth Co-borrower associated with this loan.
52. Co-borrower_Gender_4: The gender of the fourth Co-borrower.

APPENDIX I: HMBS Pooling and Reporting Specification

6 COMPLIANCE REVIEW REQUIREMENTS RELATED TO MONTHLY REPORTING

Issuers will be required to have the capability to produce, upon request in printed format, the following monthly accounting information forms/form facsimiles, in accordance with the Ginnie Mae MBS Guide:

- Information as applicable and similar to the MBS Guide HUD Form 11710A
- Information as applicable and similar to the MBS Guide HUD Form 11710E
- Information as applicable and similar to the MBS Guide HUD Form 11710D
Issuer's will be required to submit a separate 11710D for HMBS pools
- Information as applicable and similar to the MBS Guide requirements for loan level reporting

The specifications, formats, preparation instructions, and business rules related to these forms has not yet been established

Ginnie Mae will be updating the MBS Guide 5503.3 and will continue to provide the information as it becomes available regarding the HMBS accounting rules and the form preparation.

However, the forms will not be used as reporting instruments. The forms will be used for Ginnie Mae field review and compliance reviews.

Ginnie Mae does not anticipate any changes to the compliance requirements.

APPENDIX II: HMBS PARTICIPATION BUSINESS RULES

7 SECURITY

Ginnie Mae anticipates that services will be offered to transmit or receive data in a secure environment. At this time the following general standards apply:

- Internet based data exchange—HTTPS Verisign Certificates, 128 bit encrypted
- FTP---Secure FTP via approved secure FTP products
- Direct Point To Point---Secure as approved for each issuer using such service
- On line entry using Web based GinnieNET
- On line entry using Web based E-Access

The specific services for data transmission and detailed security requirements will be published at a later date.

Also note that Ginnie Mae has defined a sensitive data section of the HECM Loan Data record.

- Sensitive Data – Due to privacy concerns of sensitive/personal data, issuers requested that sensitive reporting data be reported as infrequently as possible. To address this concern, sensitive data will be reported once at origination via the HECM Loan Issuance Record (11706). If any change occurs to a value in one of these fields, it will be reported as a change within the Sensitive Data section of the HECM Loan Data Accounting Record Type. Any changes to Sensitive Data will be recognized and handled appropriately.

HMBS PARTICIPATION BUSINESS RULES

INTRODUCTION

This document supplements the HMBS Issuer Pooling and Reporting Specification. The primary focus of the information in this document is the HMBS and related HECM Participations. The goal is to provide information to issuers and servicers about Ginnie Mae's requirements as they pertain to the administration and accounting for participations as they relate to the HECM loan and the HMBS pool. The document assumes that the reviewer is generally familiar with Ginnie Mae's plan for HMBS monthly reporting of monthly pool accounting data.

SECTION 2 HMBS "Accounting" COMPONENTS

An HMBS, which will be issued under the Ginnie II program, has the following general component parts.

- **HECM Loans** ---The associated HECM loans as serviced by the issuer and as securitized by the issuer in one or more HMBS. Each HECM loan will have one or more HMBS Participations related directly to the HECM.
- **HMBS Security**—The actual security trust instrument as defined in the Ginnie Mae MBS Guide and Guaranty Agreement, and related documents including the prospectus. The Security operates as a separate "accounting" entity but is directly related to the HMBS pool of collateral. The Security and the "Pool" are often referred to synonymously.
- **HMBS Pool of Collateral**---Each HMBS has some number of HECM Participations. When taken as a whole and summarized to the "Pool" level, the pool of collateral operates as a separate set of "accounting" information. For example pool balances can be derived by summing up corresponding balances on the individual participations in the pool.
- **Participations**---The actual "loan" level collateral as related to the HECM loan. Each participation operates as a separate entity with its specific "accounting" information.
- **Pool to Security Balance**—For the Ginnie Mae HMBS program, the pool balance (the underlying Participation balances) must equal the HMBS Security balance. This means for example that at the end of each reporting period, the sum of the Participation remaining principal balances must equal the remaining principal balance of the Security.
- **Payments to Security Holders**—All HMBS payments to security holders are unscheduled. A payment to the HECM results in a payment to the Security. The source of payment and application of the payment at the HECM level, whether to interest, to borrower principal or both is not relevant to the HMBS. From the HECM to the HMBS/Participations the amount is single dollar amount of payment. A payment to security holder is "accounted for" as a payment at the HECM loan level, which in turn is

APPENDIX II: HMBS PARTICIPATION BUSINESS RULES

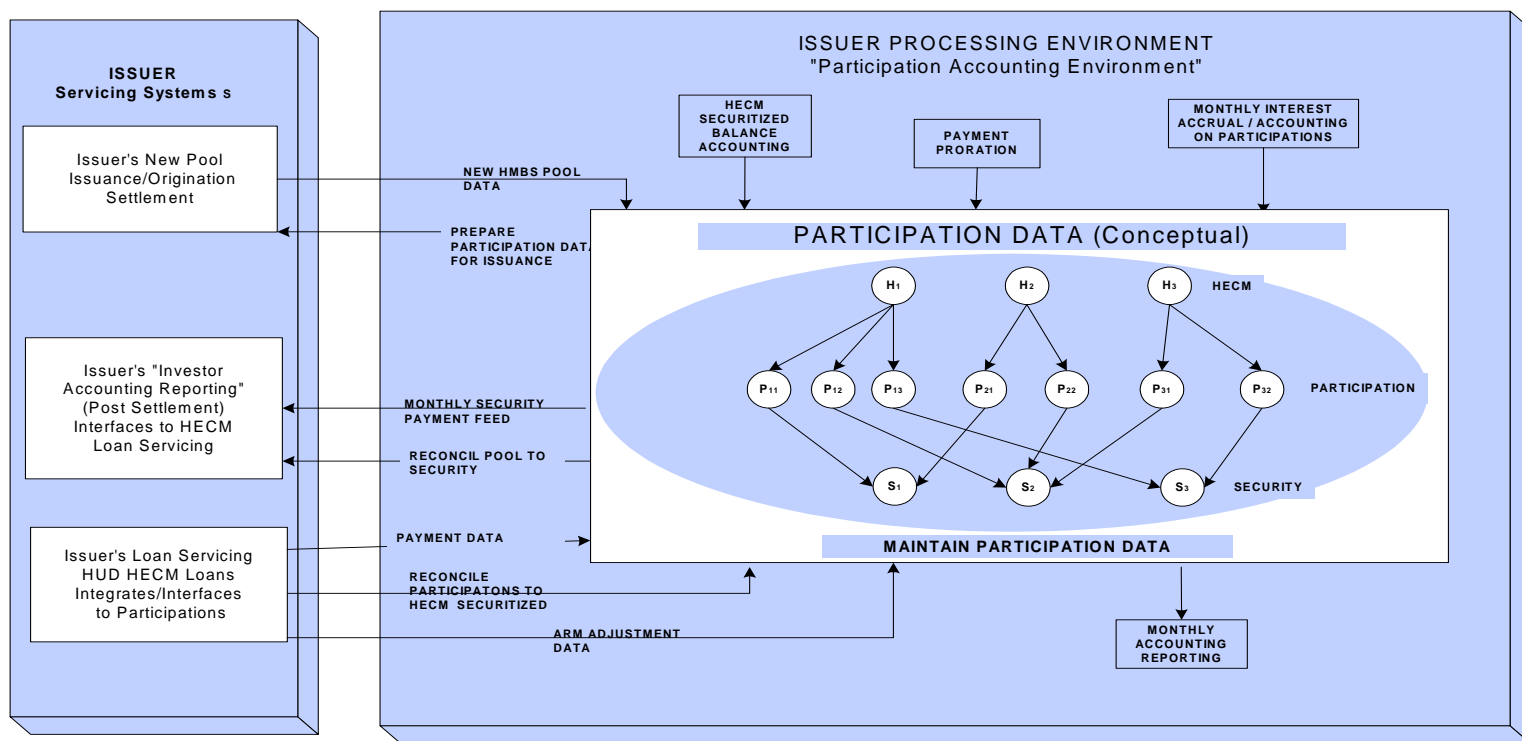
pro-rated to all of that HECM's participations at the individual participation level and the unsecuritized HECM loan balance, which in turn is summed to the Security level data resulting in a payment record.

At the time of pooling, the issuer provides various information about the HECM loan that is 'participating' in the pool (the HECM loan that is directly associated with a specific participation). A Participation is defined as that portion of a HECM loan that is being securitized via a "participation" in the HMBS. The HECM information collected by Ginnie Mae will not differ from the current servicing information. The "participation" aspect of the HMBS is new. On a monthly basis the issuer provides accounting information. See the HMBS Issuer Pooling and Reporting Specification for the detailed reporting requirements.

Figure 1 shows the overall relationships and functions related to the HMBS, the HECM and the participations.

Figure 1

HMBS "Participation Accounting" Functions and Relationships



The "servicing" relationship and "data" relationships between the HECM, the Participations, and the HMBS Security are critical. As illustrated above, the Participations must be "linked" to the HECM and the same Participations must be "linked" to the Securities.

APPENDIX II: HMBS PARTICIPATION BUSINESS RULES

Basic “Relationship Rules” between the HMBS Security, the Pool, the HECM, and the Participations

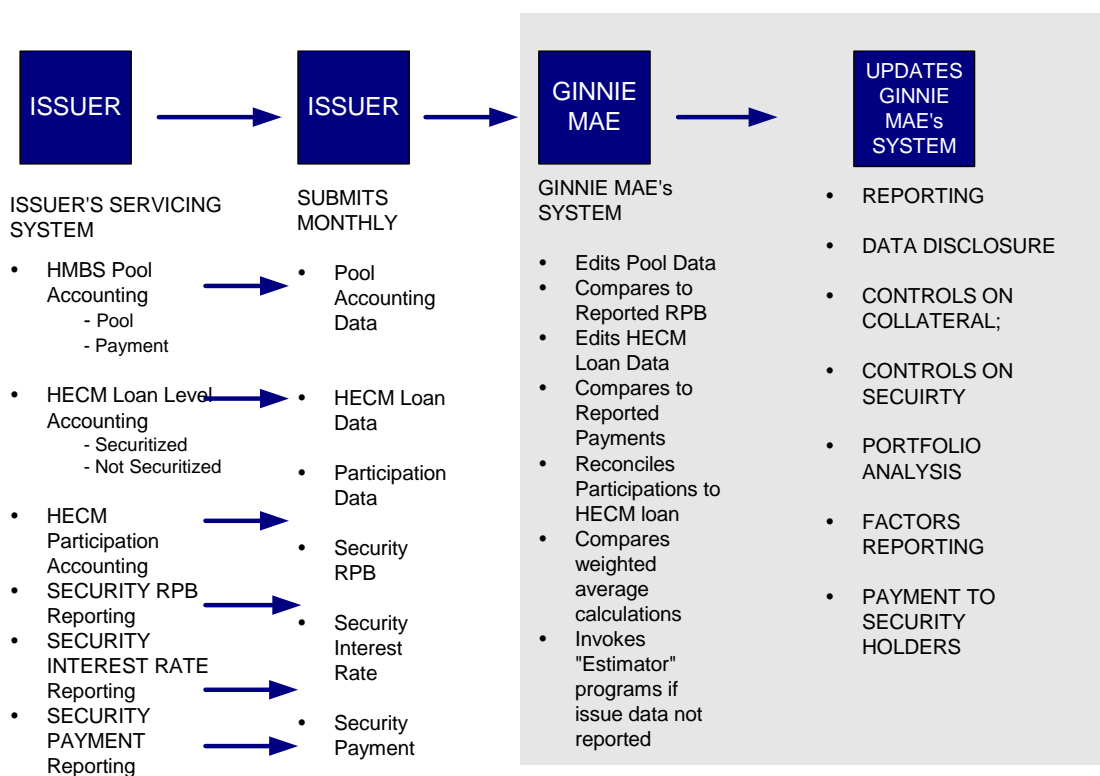
Entity	Relationship Rules	Administration
HMBS Security	The Security is a unique entity specifically identified by a “Ginnie Mae” pool number, EIN Number, and a CUSIP	Must be accounted for, and reported on per Ginnie Mae requirements as a distinct HMBS security
Pool of Collateral	The pool of collateral is specifically and uniquely associated with the security. The pool of collateral is comprised of the Participations.	Must be accounted for and reported on per Ginnie Mae requirements as a unique pool specifically associated with the particular security
HECM Loan	A HECM loan can have “Participations” in many HMBS Securities/Pools of collateral.	Must be able to specifically link, for the HECM, its participations and the Pools that are participated in; must be reported on per Ginnie Mae requirements for monthly HMBS reporting
Payment Security Holder	There is one to many relationship between a HECM loan payment and the associated participations and securities, i.e. the payment must be pro-rated to the participations and unsecuritized loan balance resulting in “mini” payments at the participation level. These are summed to the Security level to arrive at the payment to security holders.	Must be accounted for at the HECM loan level; must be accounted for at the participation level, must be summarized and accounted for at the Security level; must be reported monthly per Ginnie Mae requirements
Participation	Participations belong to HECMs and the HMBS Pools. One HECM can have many Participations. One HECM can participate in HMBS pools. There is a one to one relationship between HMBS pool and participation, i.e. one HECM can only have one participation in any given HMBS pool.	Must be specifically linked to the HECM and the pool; must be specifically accounted for and must be reported on per Ginnie Mae requirements for monthly HMBS reporting. Participation level data drives many aspects of the Pool and the Security

APPENDIX II: HMBS PARTICIPATION BUSINESS RULES

Figure 2 shows the overview of reporting requirements and monthly flow of data from the issuer to Ginnie Mae.

Figure 2

MONTHLY HMBS REPORTING AND ADMINISTRATION OVERVIEW



Below are some key elements that relate to the HECM, the HMBS and to the Participations.

- HECM Interest Rate--The note rate of the loan
- Spread between the HECM Loan and the HMBS Security—the difference be
- Partial Payments made by the Borrower---These flow through the HECM, are prorated and a prorate share flows to the Participation, and to the Security
- Payment in full made to fully liquidate the HECM Loan-- These flow through the HECM, are prorated and a prorate share flows to the Participation, and to the Security.
- Servicing Fee---May be fixed monthly amount or part of a spread. This is accounted for in the HECM, outside of the Security and Participations

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- Unique Ginnie Mae Loan Identifier---Ginnie Mae will establish a procedure for issuers to give HECM loans a unique identifier, and also for the related Participations
- Weighted Average Security Interest Rate-- The weighted average interest rate of the HMBS Security as calculated monthly based on the Participations in the Pool
- ARM information is not collected and controlled by Ginnie Mae for the Security. The weighted average interest rate determines the Security rate at any time. The Security rate is not controlled by the ARM index changes.
- Over/Under Collateralization---The HMBS Security balance and the Pool/Participations balance must be equal each are reporting period. There is not over/under collateralization with the HMBS. Adjustment/reversals are made to the HECM and/or the HMBS Pool and Participations such that there is no over/under collateralization.

Below are some key elements of the Pool of Collateral that relates to the HMBS Security and to the underlying Participations.

- The pool is comprised of the unique HECM loan Participations. A HECM loan can only have one Participation in any given Pool
- The Pool provides the SUM of the unpaid principal balances of the Participations summed to the pool level; as well as the total principal and total accumulated interest.
- The Participations in the pool provide the Weighted Average Interest Rate computed on unpaid principal balance and interest rate of each participation in the Pool. This pool calculation becomes the Security Interest Rate
- The pool provides the sum of the partial payments for Participations and the sum of payments in full which become the summary Payment Amount reported to Ginnie Mae's Central Paying Agent, for pass through to Security Holders for the particular HMBS.

Below are some key elements of the Participations that are related to the HMBS and to the HECM loan.

- Participation Interest Rate—Each Participation has its own respective interest rate as determined by the HECM note rate minus the spread.
- Payments to the HECM are prorated to the Participations and the unsecured HECM loan balance. A payment is prorated to the Securitized and Un-secured parts of the HECM. The amount associated with the Securitized part is then prorated to each participation based on the balance of each.

General Rules Related to Participation Accounting and Administration

- The issuer's Ginnie Mae accounting and reporting period is referred to as the "reporting period", "accounting period", or as the "period". These all refer to the same time frame—the monthly period, as defined by the issuer's monthly accounting cutoff, as agreed to between Ginnie Mae and the issuer.

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- The “closing balance” of one period is the “opening balance” of the immediately following period. Terms such as “balances from last report”, “closing balance”, “and opening balance” are usually synonymous. For example in the rules below it may state that accrued interest is calculated on the opening balance. This is the same as calculating on the “balance from last report” or calculating on the “closing balance” because by definition these balances must be equal.
- Balances maintained and reported on the HMBS, HECM, and Participations must agree with the issuer’s trial balance. Issuers must have trial balance information to show that the Participations reconcile to the HECM and to the HMBS Pool and the Pool reconciles to the Security.
- For calculations of various amounts that are related to the calendar months, etc. the standard is a 30-day month and a 360-day year.
- As a general rule the participation detail balances are summed to the pool level to create pool balances. By definition the pool balances are derived from the underlying participations.
- The Security balance must equal the Pool balance. Issuers must maintain security balances, pool balances, and participation balances and comply with the HMBS Ginnie II program policy regarding pool to security reconciliation.

Concept of the HECM as two Parts Related to the HMBS—Securitized and Un-Securitized Balances of the HECM

The HECM loan becomes “securitized” by way of the Participations. However, the HECM loan would not necessarily be fully “securitized” given that a part of the loan balance is not in any HMBS security. This becomes the “un-securitized” part of the HECM.

Ginnie Mae’s basic accounting requirement is that the Securitized part (balance) of the HECM and the Un-Securitized part (balance) of the HECM must equal the HECM loan balance. These two components must be separately accounted for by computing the individual parts of the securitized and un-securitized HECM.

Securitized Part of the HECM

The following are business rules related to this:

HECM Securitized Principal Balance: The accumulated net unpaid principal balance of all securitized parts (Participations) of the HECM loan this period. This value should equal the sum of all Participations unpaid principal balance for the period across all Pools that have Participations for this HECM loan. Items that enter into the calculation are:

Opening Balance HECM Securitized: The opening balances for this period for all Participations for the HECM. This is the closing balance from the previous period or the balance at pool issuance.

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Accrued Interest HECM Securitized: Total interest this period accrued for all Participations. This value should equal the sum of associated Participation accrued interest and is added to the opening balance

Payments This Period HECM Securitized: The total of payments applied to Participations this period. This value should equal the sum of payments of all Participations for this period for this HECM.

Adjustments This Period HECM Securitized: The total of any adjustments to the Participation balances this period

The Securitized balance is the net of the opening balance plus accrued interest minus the payments, plus/minus adjustments resulting in the closing Securitized principal balance for the HECM.

Un-securitized Part of the HECM

The un-securitized balance consists of the net interest and advances that are accumulated outside of the securitized part of the HECM. Included in this are the amounts for the Ginnie Mae guaranty fee, FHA MIP, un-securitized draws or advances, and if applicable the issuer servicing fee (applicable if for the particular HECM the issuer elects to take the servicing fee based on a “spread”.) The rules for calculating the un-securitized part of the HECM are as follows:

Opening Balance HECM un-securitized: The opening balances for this period for the un-securitized part of the HECM; must be equal to the prior period closing balance.

Net Accrued Interest: Net interest is the net of the total interest accrued on the HECM minus the interest accrued on the Securitized part of the HECM for each Participation, minus Ginnie Mae Guaranty fee. Total net interest for the period is the sum of net interest for all Participations. This value should equal the sum of associated Participation accrued interest and is added to the opening balance.

Draws and Advances During the Period: The amount of draws on the HECM this period. This value is added to the opening balance. This includes advances to pay FHA MIP and Ginnie Mae Guaranty Fee. The Ginnie Mae Guaranty Fee is calculated at the level of the HMBS Security. It is calculated at the end of the reporting period, using the security balance as of the close of the previous period.

Payments This Period HECM Un-securitized: The total of the pro-rated payments applied to the un-securitized part of the HECM this period. This value is subtracted from the opening balance.

Adjustments This Period HECM Un-securitized: The total of any adjustments to the un-securitized balance this period

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The un-securitized HECM balance is the sum of the opening balance plus net accrued interest plus draws, plus advances for MIP, minus the payments, plus or minus adjustments resulting in the closing un-securitized principal balance for the HECM.

Participations

The issuer must maintain a “database” of participation information. Ginnie Mae will coordinate with the issuer to assign unique numbers to each HECM loan and Participation. The participations for a particular HECM will be assigned a unique “suffix” number related to the HECM loan number. It is anticipated that there will be multiple participations in multiple pools, associated with a single HECM loan.

The issuer must maintain data relationships so that each HECM is “linked” to the participations and the participations are “linked” to the various respective HMBS.

The following are rules related to the Participations:

Participation OPB: The original principal balance of the Participation at the time of pool origination. The issuer, as part of assembling the new pool, determines this. This must be maintained permanently as part of the participation record.

Participation UPB: The ending principal balance, each reporting period, of the Participation; this is the accumulated net principal. This value should equal last period’s closing Participation UPB value + Participation Accrued Interest This Period - Participation payments, plus/minus adjustments. Last periods closing balance must always equal the next period opening balance.

Monthly Participation Accrued Interest This Period: Interest accrues each period on the Participation, at the Participation interest rate. This value is calculated as the opening balance of the Participation balance times the Participation interest rate divided by 12 unless there is a partial or full payment. If the payment occurs sometime during the reporting period and ‘days’ interest is calculated this would be factored into the calculation. (This amount must be captured as an “adjustment”).

Participation Accrued Interest To Date: The total accrued interest on the Participation, net of any payments and adjustments. This value should equal last month’s Participation Accrued Interest To date + this month’s Participation Accrued Interest This Period minus any payment this period, plus or minus any adjustments.

Participation Payment Principal Amt: The principal portion of the Participation Payment value. This value together with Participation Payment Interest Amt should equal the Participation Payment amount reported. This value can be zero when there is a payment of interest only.

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Participation Payment Interest Amt: The interest portion of the Participation payment value. This value together with the Participation Payment Principal Amt should equal the Participation Payment amount reported. This value can be zero when there is a payment of principal only.

Unlike typical loans, payments by the borrower are unscheduled events. They may occur at any time or not until the loan becomes due. Payments (made to the HECM loan) result in some portion of the total payment passed through the HMBS to the security holders. To compute the payment to the security holders the calculations must determine at a detail level the amount of the total payment that is to be associated with each Participation related to the HECM loan. Then the amount of payment related to each Participation is summed to the Pool level resulting in the total payment amount for the HMBS.

Payments at the Participation level must indicate the amount applied to Participation accrued interest and/or the amount applied to Participation principal as applicable.

The rules differ depending on whether the payment is a partial payment to the HECM or a payment in full.

The payment amount to Security holder, based on a partial payment of the HECM is calculated as follows:

The payment of \$10,000 in Figure 3 is posted to the Borrower's HECM loan, along with any "days interest" based on the actual date posted during the month. The "days interest" is the total interest accrued for the first 15 days of the reporting month on the "UPB Opening" balance of \$230,433.78. Once the payment is applied at the loan level, the HECM loan has a new balance of \$221,093.87 for the remaining part of the month. The subsequent various calculations and prorating of the payment to the Participations must always reconcile back to the HECM loan payment amount.

Figure 3

Loan 1	Payment 1	Payment of Loan	Loan Pays Partial of \$10,000.00
		Borrower	UPB Opening
		UPB of Loan 1 At beginning of Period	\$ 230,433.78
		Date Payoff Posted	...6/15
Loan 1		"Days Interest for 15 days	\$ 660.10
		Apply Payment of \$10,000.00	\$ (10,000.00)
		Borrower Balance 6/15	\$ 221,093.87

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The payment amount is prorated between the HECM Securitized amount and the un-Securitized amount (see figure 4). If there are ‘days interest’, e.g. a payment made on the 15th of the month the accrued interest associated with the securitized part of the HECM and the un-securitized part of the HECM must be calculated and added to the respective beginning balances.

Calculate the “days interest” associated with each individual Participation for the HECM, by taking the Opening principal balance of the Participation times the interest rate divided by 12 divided by the fraction of the month. Add this amount to the Securitized balance. For the un-securitized part, subtract the amount of interest on the participations from the total days interest on the HECM. Add this net amount to the un-securitized beginning balance.

Prorate the payment amount between the securitized HECM balance and the un-securitized HECM balance. (Divide each balance by the total and multiply by the total payment amount.) In the example below, the “days interest” is added to the balance of the un-securitized and securitized parts of the HECM resulting in \$7,604.36 and \$223,489.51 respectively. Added together this results in \$231,093.87. Using these numbers, the prorate factors are calculated and illustrated below. This results in two payment amounts based on the principal balances as of the 15th.

Figure 4

Loan 1 Add the Days Interest and Apply Payment to HECM Sec and Unsec		Prorate to Sec Unsec Based on Opening Balance				
		Opening balance	Days Inter	Prorate facto	Apply Pymt	
Include Days Int	Unsecuritized UPB	\$ 7,528.92	\$ 75.44	0.032906	\$ (329.06)	\$ 7,275.30
Include Days Int	Securitized UPB	\$ 222,904.86	\$584.66	0.967094	\$ (9,670.94)	\$ 213,818.57
	Payment Amt	\$ (10,000.00)	\$ 230,433.78	1.000000	\$ (10,000.00)	\$ 221,093.87

Next calculate the amount of payment related to each Participation by prorating the Securitized payment amount of \$9,670.94 from the step above. This amount is prorated to each Participation for the HECM. The denominator is the sum of the principal balances of the participations including the “days interest”. The numerator is the individual Participation balance. The prorated individual payment amounts must sum to the total of the Securitized payment amount. As illustrated in Figure 5, there are three Participations, “Part” 1, 2 and 3. Each balance is stepped forward to accrue the interest and establish the principal balance to include the 15 days interest. The total principal balance of the three is \$223,489.51. This is the denominator for the calculation of the prorate factors. Resulting in three payment amounts one for each Participation (Part1,Part2, Part3).

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Figure 5

Loan 1 Payment Calculation for Participation Payoff Amounts										
		Security 1	Security 2	Security 3	Total Securitized	Prorate factors for Applying Payment to Participations				
		Part 1	Part 2	Part 3		Part 1	Part 2	Part 3		
As of 6/1	Begin Period Security Balance	520,198.81	11,711.81	248,113.51	\$ 780,024.13					
						Balance 6/15	\$ 158,446.63	\$ 2,931.91	\$ 62,110.97	
As of 6/1	Principal	\$ 120,000.00	\$ 2,500.00	\$ 60,000.00	\$ 182,500.00	Prorate factor	0.708967	0.013119	0.277914	1.000000
As of 6/1	Interest	\$ 38,035.08	\$ 423.99	\$ 1,945.78	\$ 40,404.86	Payment	\$ (6,856.38)	\$ (126.87)	\$ (2,687.69)	\$ (9,670.94)
As of 6/1	Total	\$ 158,035.08	\$ 2,923.99	\$ 61,945.78	\$ 222,904.86					
As of 6/15	Days Interest	\$ 411.55	\$ 7.92	\$ 165.19	\$ 584.66					
		\$ 158,446.63			\$ 223,489.51	As of 6/15 Part Balance	\$ 151,590.26	\$ 2,805.04	\$ 59,423.28	

The three Participation payment amounts shown above (e.g. Part 1 payment amount \$6856.38) are used to relate the payment to the Security level, to create the payment record for monthly reporting to the Ginnie Mae Central Paying Agent. If there are multiple HECM payments for the Securities these calculations are performed for all HECM payments for all Participations and Securities. These Participation level payment amounts, associated with a particular Security, are summarized to one Security payment record for the reporting period.

For the two HECM loan examples in Figure 6, (HECM Loan 4 and Loan 1, which have six Participations in three securities in this example) the individual Participation payment amounts are summarized to one Security payment record for the reporting period. Loan 4 has three Participations (Participation 41, 41 and 43) that are in Security 1, 2, and 3 respectively, for which individual payment amounts by Participation would have been calculated (individual payment amount calculation for these not illustrated). Loan 1 also has three participations in the same three securities. Individual payment calculations would have been made for these Participations as well (not illustrated). Given the six payment amounts in the example below broken out by principal and interest, they are summarized to the respective Security. This results in there payment “records” of data to be reported to Ginnie Mae for the monthly payment pass through.

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Figure 6

Summarize Payment Data End of the Reporting Period		Six Participations in Three Securities				
Loan 4	Payment Data		Security 1	Security 2	Security 3	
			Participation 41	Participation 42	Participation 43	
		Total	\$ 105,631.09	\$ 2,931.91	\$ 62,110.97	\$ 170,673.97
		Interest	\$ 25,631.09	\$ 431.91	\$ 2,110.97	
	Principal	\$ 80,000.00	\$ 2,500.00	\$ 60,000.00		
Loan 1	Payment Data		Security 1	Security 2	Security 3	
			Participation 11	Participation 12	Participation 13	
		Total	\$ 6,856.38	\$ 126.87	\$ 2,687.69	\$ 9,670.94
		Interest	\$ 6,856.38	\$ 126.87	\$ 1,945.78	
	Principal	\$ -	\$ -	\$ 741.91		
					\$ 180,344.91	
Security Payment Records for the Reporting Period Reported to Ginnie Mae						
	Total	Interest	Principal			
Security 1 Payment Record	\$ 112,487.46	\$ 32,487.46	\$ 80,000.00			
Security 2 Payment Record	\$ 3,058.78	\$ 558.78	\$ 2,500.00			
Security 3 Payment Record	\$ 64,798.67	\$ 4,056.75	\$ 60,741.91			\$ 180,344.91

SECTION IV Weighted Average Interest Rate Calculation

The interest rate on an HMBS Security is a monthly weighted average, regardless of whether the HMBS is based on fixed rate HECMs or ARM HECMs. If the HECM is an ARM and the rate changes, then the rate changes on the corresponding Participations. HECM interest rate and its associated Participation interest rates will all change and take effect at the same time. However, the Security interest rate does not “adjust”. It is always based on the weighted average interest rate calculation.

The issuer is responsible for calculating the Security interest rate. In the example below, two reporting periods are illustrated. In Period 2, Loan 2 had a scheduled interest rate change.

Figure 7

For Illustration Only			Pool Issuance WAC		8.618%
Period 1					
	Rate	Participation	Ending UPB	Rate	Ending
Loan 1	6.60%	Participation 1	\$ 5,000.00	6.6000%	331.815000
Loan 2	7.50%	Participation 2	\$ 50,000.00	7.5000%	3773.437500
Loan 3	10.25%	Participation 3	\$ 100,000.00	10.2500%	10337.552083
Loan 4	9.75%	Participation 4	\$ 120,000.00	9.7500%	11795.062500
Loan 5	6.25%	Participation 5	\$ 40,000.00	6.2500%	2513.020833
		Pool	\$ 315,000.00		
		Security	\$ 315,000.00		28750.887917
					WAC
					9.127%
Period 2					
	Rate	Participation	Ending UPB	Rate	Ending
Loan 1	6.60%	Participation 1	\$ 5,027.50	6.6000%	331.815000
Loan 2	7.75%	Participation 2	\$ 50,312.50	7.7500%	3899.218750
Loan 3	10.25%	Participation 3	\$ 100,854.17	10.2500%	10337.552083
Loan 4	9.75%	Participation 4	\$ 120,975.00	9.7500%	11795.062500
Loan 5	6.25%	Participation 5	\$ 40,208.33	6.2500%	2513.020833
		Pool	\$ 317,377.50		
		Security	\$ 315,000.00		28876.669167
					WAC
					9.167%

Ginnie Mae will not determine the interest rates for the HMBS Security. This is calculated by the issuer, reported monthly, and validated by Ginnie Mae’s reporting systems.

The weighted average interest rate is calculated on the Participations (active Participations, do not include liquidated Participations) in the pool at the end of the reporting period, using the Participation interest rate and the Participation principal balance.

SECTION V HMBS Pool to Security Reconciliation

HMBS Security

Issuers will be responsible for maintaining balances for the HMBS Security and the pool of participations. On a monthly basis, the issuer must maintain account balances that support the reconciliation of the pool of participations therefore establishing the controls to demonstrate that the Security is equal to the sum of the Participations each reporting period. .

Issuers must maintain Security balances and the following rules apply:

Security RPB Balance: Account for the Security Principal Balance for each period. This accounting must maintain discrete balances such that the ending balance of one period flows to the opening balance of the next period. This must be maintained in two parts such that principal amounts are identified separately from interest/capitalized interest. The end of period Security RPB is the amount reported to Ginnie Mae for the monthly RPB report.

Payments to Principal: The principal portion of all the Security payments passed through to Security holders must be maintained. This amount together with Payments of Interest should equal the total Security payments to security holders.

Payments Interest: The interest portion of the Security payments passed through to Security holders must be maintained. This amount together with Payments to Principal should equal the total Security payments to security holders.

Security RPB Adjustment: Issuers may need to make adjustments to the Security RPB (for error correction, etc.). This must be accounted for at the Participation level and summed to the Security. Direct adjustments to the Security (i.e. not related to one or more Participation adjustments) are not allowed.

Security Ending RPB: The ending security balance for the security this period. This value should be equal to the “RPB” reported to the CPTA.

Guaranty Fee Amount: Six Basis Points or TLI Basis Points applied to the “balance from last period” of the security. The Guaranty fee is this balance times the guaranty fee rate divided by 12.

Escrow Account Name: See MBS Guide requirements for monthly reporting. This value should match the pool master Escrow Account name, if applicable.

Escrow Account Number: See MBS Guide requirements for monthly reporting. This value should match the pool master Escrow Account number, if applicable.

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The system will need to account for payment reversals and other adjustments that affect the HECM and the Participations. There are no adjustments directly to the Security, only through the Participations. An example would be when a check from the borrower “bounces”. The payment will need to be reversed from the HECM in the next reporting period. However, the balances of all associated Participations will not be reversed the next reporting period. The Participations had been reduced by the payment and the Security had been reduced by the payment. They remain as is, in balance. The adjustments are made to the HECM. There is no over/under collateralization on an HMBS.

Status of Custodial Funds

Issuers are expected to maintain custodial accounts for each HMBS Security. The account balances and activity must reconcile with the security payment activity.

In general the accounts will reflect the amount calculated from the Participation level for the total payments for the Security and as deposited to the principal and interest custodial account for the reporting period.