

CHAPTER 22. CONVERTING GINNIE MAE I POOLS TO GINNIE MAE II POOLS

PART 1. OVERVIEW OF CHAPTER

Effective Date: 2013-08-01

This chapter describes the procedure that an Issuer must use to convert a Ginnie Mae I pool to a Ginnie Mae II pool. Once the conversion is complete the Issuer will be subject to a new Guaranty Agreement, and the security holders will hold Ginnie Mae II MBS instead of Ginnie Mae I MBS.

PART 2. ISSUER ELIGIBILITY

Effective Date: 2013-08-01

In order to be eligible to convert a Ginnie Mae I pool to a Ginnie Mae II pool, an Issuer (A) must be the Issuer of record for the pool to be converted and (B) must have filed with Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses) the documents described in MBS Guide, Ch. 7, Part 4 § B.

PART 3. ELIGIBLE POOLS

Section A. Pool Types

Effective Date: 2013-08-01

Only SF, GPM, GEM, and MH pools are eligible for conversion, and the resulting Ginnie Mae II pool must be a custom pool.

Section B. Final Certification

Effective Date: 2013-08-01

Only pools for which final certification has been received are eligible for conversion.

Section C. Identical Interest Rates

Effective Date: 2013-08-01

The securities related to the resulting Ginnie Mae II pool must bear the same interest rate as the securities related to the converted Ginnie Mae I pool.

Section D. Pooling Method

Effective Date: 2013-08-01

Both concurrent dates and internal reserve Ginnie Mae I pools may be converted, and the Issuer will continue to use the same pooling method in administering the resulting Ginnie Mae II pool that was used in administering the converted Ginnie Mae I pool. Thus, if a Ginnie Mae I internal reserve pool converts to a Ginnie Mae II pool, the pool will remain an internal reserve pool.

PART 4. EFFECTIVE DATE OF CONVERSION

Effective Date: 2013-08-01

Ginnie Mae II MBS issued in connection with a conversion are regarded as having been reissued as of the first day of the month in which the conversion request and accompanying documents are submitted to Ginnie Mae in accordance with MBS Guide, Ch. 22, Parts 7 and 8. This reissue date is the effective date of the conversion. The original principal amount of the

Ginnie Mae II MBS upon reissue will equal the remaining principal balance of the securities related to the converted Ginnie Mae I pool as of the effective date of the conversion.

PART 5. UNANIMOUS CONSENT OF SECURITY HOLDERS

Effective Date: 2013-08-01

Each holder of securities related to the Ginnie Mae I pool that the Issuer proposes to convert must provide to the Issuer an Investor Conversion Consent (see Appendix X-1) and, if its securities are held in certificated form, submit them for cancellation. The Issuer is responsible for obtaining the consents and any certificated securities on a schedule consistent with the document submission requirements of MBS Guide, Ch. 22, Parts 7 and 8.

PART 6. POOL NUMBERING

Effective Date: 2013-08-01

Each new Ginnie Mae II custom pool that results from a conversion will have a pool number containing the same numerals as the converted Ginnie Mae I pool. If the pool number of the converted Ginnie Mae I pool contains fewer than six numerals, they will be preceded by sufficient zeros to produce a total of six numerals in the Ginnie Mae II pool number. The letter “C” will appear immediately following the six numerals and just before the pool type suffix.

PART 7. CONVERSION PROCEDURE

Effective Date: 2013-08-01

The Issuer must prepare and deliver to the PPA (see Addresses) in paper submission format all required documentation, which is described in MBS Guide, Ch. 22, Part 8. The documents must be delivered to the PPA not later than the 16th calendar day of a month in order for the conversion to be effective as of the first day of that month. If there are any defects in the documentation that are not corrected by the 16th calendar day of the month, the pool may be converted effective the first day of the following calendar month provided that complete documentation is submitted by the 16th calendar day of that calendar month.

No additional commitment to guarantee securities is required from Ginnie Mae in connection with a conversion. The conversion is effected by obtaining the unanimous consent of the security holders of the Ginnie Mae I MBS and, following the submission by the Issuer and approval of the required documents, the issuance of Ginnie Mae II MBS. Ginnie Mae I MBS held in book-entry form will be replaced with new Ginnie Mae II MBS that are registered in the name of the depository and delivered to the depository, using the procedures described in MBS Guide, Ch. 12, Part 6, § A(1) and B. Ginnie Mae I MBS held in certificated form by security holders and delivered to the CPTA by the Issuer will be replaced with new, certificated Ginnie Mae II MBS that are registered in the security holders' names and delivered to the security holders using the procedures described in MBS Guide, Ch. 12, Part 6, § A(3) and D.

If the documentation submitted by the Issuer by the 16th calendar day of a month is complete, the PPA will instruct the CPTA to prepare the appropriate Ginnie Mae II securities and have them ready for delivery to the depository or other security holder, as appropriate, during the calendar month in which the documents are received. The CPTA will telephone the Issuer when the reissued securities are ready for delivery.

If a security holder prefers not to relinquish its certificate prior to receipt of the replacement certificate, the CPTA will accept delivery of the Ginnie Mae I MBS certificate in exchange for the Ginnie Mae II MBS certificate at the time the Ginnie Mae I MBS certificate is delivered by the

security holder. The security holder should make advance arrangements for the exchange by contacting the CPTA (see Addresses) at least five business days prior to the anticipated delivery date of the Ginnie Mae II MBS certificate. If the security holder wishes to make such an arrangement, the Issuer must state that fact in a letter to the PPA.

PART 8. REQUIRED DOCUMENTS

Effective Date: 2013-08-01

The Issuer must submit to the PPA (see Addresses) in paper submission format, the following documents for each Ginnie Mae I pool that it wishes to convert:

- (1) Investor Conversion Consent (Appendix X-1) from each security holder. If the securities are held in book-entry form, the conversion must have the depository's approval.
- (2) Issuer Conversion Request (Appendix X-2), listing the pool number of the pool to be converted.
- (3) If the Issuer has not previously designated a central P&I custodial account for use in connection with Ginnie Mae II pools, an ACH Debit Authorization, form HUD 11709-A (Appendix I-6).
- (4) Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) for the current month for the Ginnie Mae I pool to be converted, reporting on the Issuer's most recently concluded reporting month.
- (5) Unless funds have already been made available by the Issuer for the payment of the monthly guaranty fee, a check payable to Ginnie Mae for the Ginnie Mae guaranty fee for the month of conversion for the Ginnie Mae I pool to be converted.
- (6) Schedule of Subscribers and Ginnie Mae Guaranty Agreement, form HUD 11705 (Appendix III-6). By executing this document, the Issuer and Ginnie Mae agree to terminate the Guaranty Agreement in effect with respect to the Ginnie Mae I pool and enter into the appropriate Guaranty Agreement for the resulting Ginnie Mae II pool.

With respect to securities held in certificated form by security holders, the Schedule of Subscribers must list the same registered holders who are shown as owners of the Ginnie Mae I MBS certificates that are submitted for cancellation, unless a request for an exchange or assignment to a new security holder, complying with MBS Guide, Ch. 12, Part 9, is also submitted by the Issuer. Absent such an exchange or assignment, the original principal amount of each such security holder's new Ginnie Mae II MBS certificate will equal the remaining principal balance of the converted Ginnie Mae I MBS certificate. In this connection, the issuance of a new Ginnie Mae II MBS certificate in a denomination of less than \$25,000 is permissible, notwithstanding MBS Guide, Ch. 1, Part 7. It is also permissible in connection with a conversion for the aggregate remaining principal balance of the pool supporting the new Ginnie Mae II MBS to be less than the minimum amount specified for a new pool of the same type in MBS Guide, Ch. 24 through 30.

When new Ginnie Mae II MBS are to be issued in book-entry form, the Schedule of Subscribers must list the depository participants that will take delivery of the securities on behalf of the investors involved. The aggregate original principal amount of the new

Ginnie Mae II MBS delivered to the depository must equal the remaining principal balance of the converted Ginnie Mae I MBS submitted by the depository.

- (7) Schedule of Pooled Mortgages, form HUD 11706 (Appendix III-7). An updated version of the Schedule of Pooled Mortgages used in forming the related Ginnie Mae I pool must be submitted.

The Issuer must line through loans that have been liquidated and enter revised totals on the Schedule of Pooled Mortgages. In the alternative, a new Schedule of Pooled Mortgages may be submitted, but in this case a copy of the Schedule of Pooled Mortgages used in forming the pool must be attached to the new form.

- (8) Certificates, if any, representing all outstanding, certificated Ginnie Mae I MBS.

- (a) For securities in certificated form: The documents must be accompanied by the certificated securities.

If a reissued Ginnie Mae II security is to be issued to the same security holder, the security holder may wish to inscribe on the reverse of the Ginnie Mae I certificate the following:

“This certificate is surrendered for the sole purpose of cancellation and issuance of a new certificate under the Ginnie Mae II MBS Program.”

- (b) For securities held in book-entry form: Upon approval of the conversion by the depository, the depository will deliver the book-entry securities to the CPTA electronically.

- (9) A transfer fee of \$15.00 in the form of a check payable to Ginnie Mae for each Ginnie Mae II certificate to be prepared.

- (10) A prospectus for the Ginnie Mae II MBS.

- (11) If the Issuer plans to designate a new document custodian, transfer servicing of the converted pool to a subcontract servicer, or establish one or more new accounts in connection with the conversion, the documents required by MBS Guide, Ch. 21, Parts 3, 4, or 7, as applicable.

PART 9. INFORMATION

Effective Date: 2013-08-01

Questions about conversion procedures and requirements should be directed to Ginnie Mae or to the PPA (*Please See Addresses*).