



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

November 19, 1999

99-36

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Year 2000 Preparation and Contingencies

As part of Ginnie Mae's efforts in preparing for Year 2000, Ginnie Mae staff has met with its industry partners for the purpose of coordinating, where applicable, its Year 2000 business contingency plans, including representatives from the issuer and document custodian community. The primary purpose for these meetings was to reasonably assure ourselves and our industry partners that the contingency plans being put in place by the parties involved would work effectively and efficiently. The discussions held focused on how to minimize and overcome Year 2000 failures with respect to Ginnie Mae's Mortgage-Backed Securities ("MBS") Program.

The purpose of this memorandum is to share with all issuers and document custodians information gathered in those meetings that may help you in preparing for Year 2000 and in resolving Year 2000 problems that may arise (Year 2000 Contingencies).

In all cases, issuers should promptly call their Ginnie Mae Account Executive to report Year 2000 problems encountered, if they relate to the issuer's ability to meet its Ginnie Mae program requirements. Document custodians should work closely with their Ginnie Mae issuers to resolve Year 2000 problems. This will permit Ginnie Mae to assess the nature and scope of problems encountered by MBS program participants, and will enable Ginnie Mae to best target resources to help resolve problems as they arise.

For presentation purposes, we have broken out the information by the following MBS functions:

- Pool Delivery;
- RPB Reporting;
- Payments to Security Holders;
- Reporting 11714 Data;
- Transfer of Mortgage Servicing Rights;
- Final Certifications and Recertifications;

- Payment of Guaranty Fees;
- Reporting 11710A Data;
- Reporting 11710D Data; and
- Reporting Quarterly Loan Level Data.

Pool Delivery

Preparation Suggestions:

Obtain sufficient commitment authority and pool numbers in advance to meet your pooling needs for at least the first quarter of 2000.

Deliver pools to Ginnie Mae's pool processing agent, The Chase Manhattan Bank ("Chase"), in sufficient time to allow for manual processing in the event pools cannot be transmitted electronically through GinnieNET e.g., communication lines are not working. Manual processing time for paper pools varies depending on pool type (see recently released Consolidated Ginnie Mae Mortgage-Backed Securities Guide, Handbook 5500.3 ("Ginnie Mae Guide"), which replaces Ginnie Mae Mortgage-Backed Securities Guides, Handbooks 5500.1 and 5500.2 effective November 1, 1999, for processing time frames)).

Suggestions for Dealing with a Transmission Problem:

If an issuer is experiencing problems transmitting pools, the issuer should immediately contact the GinnieNET help desk ((800) 234-GNMA(4662), Option 1) to communicate the problem, verify whether the data was received successfully, and/or receive additional instructions, if appropriate.

If an issuer cannot submit pools electronically through GinnieNET, the issuer has the option to deliver the pool information to Chase via courier on electronic media (diskette or CDROM) or in hard copy form. To create an electronic file on GinnieNET for the above purpose, you need to use the GinnieNET "Export" feature. Pool data is either entered manually into GinnieNET or by using the GinnieNET import option to create an electronic file. A printed and signed copy of GinnieNET form HUD 11705 from the issuer, and a signed form HUD 11706 from the issuer's document custodian must accompany the electronic media for each pool. Both forms can be created by using the GinnieNET software or are available in the Ginnie Mae Guide 5500.3. Without the signed forms, Chase will not process the pool.

RPB Reporting

Preparation Suggestions:

Submit monthly remaining principal balance ("RPB") data to Chase as early as possible in order to allow time for dealing with Year 2000 problems. Ginnie Mae is permitting issuers to vary their reporting cut-off date for the reporting months of December 1999, January 2000, and February 2000 (see All Participants Memorandum ("APM") GNMA 99-27, dated September 9, 1999, for further details). Create the RPB file prior to the first business day in the month that the information is due Ginnie Mae, but do not transmit the data until the first business day of the month in which it is due Ginnie Mae. The file will be rejected if it is sent prior to the first business day of the month.

Suggestions for Dealing with a Transmission Problem:

If an issuer is experiencing problems transmitting data through Chase's contractor, Global Payment Systems, they should contact Chase at (212) 638-5952 in order to communicate the problem, verify whether their data was received and/or receive additional instructions, if appropriate. Issuers have the option to either transmit their RPBs using GinnieNET or have the RPB information sent to Chase by courier on electronic media (tape, diskette or CDROM, using the prescribed Ginnie Mae format). The prescribed Ginnie Mae format is contained in Appendix VII of the Ginnie Mae Guide. There is a 100-pool limit for using GinnieNET to report RPBs. Issuers are required to notify the GinnieNET help desk at ((800) 234-GNMA (4662), Option 1) before submitting more than 100 pools through GinnieNET using multiple transmissions. As a last resort, the data can be either hand delivered by courier or faxed to Chase in hard copy form. Copies of forms are to be faxed to (212) 638-7456 or (212) 344-2359.

Payments to Security Holders

Preparation Suggestions:

For Ginnie Mae I pools that are paid electronically to the MBS Division of The Depository Trust Company ("DTC"), payments should be made early in the day in anticipation that there may be some disruption in wire services, so that DTC receives the payment timely. Issuers are reminded that Saturday, January 15, 2000, is not a business day and Monday, January 17th is a Federal holiday. All payments must be received by DTC, MBS Division, no later than 1:00 P.M. ET Tuesday, January 18th. For all Ginnie Mae I and Ginnie Mae II pools, where payments are sent via ACH, extra care must be taken to assure that adequate funds are available in the ACH account so that the ACH does not fail.

Suggestions for Dealing with Electronic Transfer of Fund Problems:

Issuers should verify that the fed wire and ACH systems are working with minimal or no disruptions. In the event either of these two facilities is inoperable, checks for Ginnie Mae I pools must be delivered to DTC in time for DTC to receive the payment by the payment date. For Ginnie Mae II pools, issuers must contact Chase at (212) 638-6705 and advise that checks will be delivered. Chase must receive checks no later than one day before the payment date.

Reporting 11714 Data

Preparation Suggestions:

Remittance Advice Information on securities held in book entry form is to be submitted electronically to DTC, either directly to DTC or using *GinnieNET* as early as possible in the month.

Suggestion for Dealing with Transmission Problems:

In the event issuers cannot transmit remittance advice data to the MBS Division of DTC or through *GinnieNET*, hard copies of the Issuer's Monthly Remittance Advice showing MBSCC & Co. as the security holder must be delivered to DTC by overnight courier. The hard copy remittance advices must be received by DTC no later than the payment date and must be sent to DTC, MBS Division, 55 Water Street, 3rd Floor, New York, NY 10041-0099.

Transfer of Mortgage Servicing Rights

Preparation Suggestion:

Issuers may want to consider scheduling the effective date of a transfer of servicing rights on a date other than January 1, 2000.

Suggestion for Dealing with Transmission Problems:

In the event the buying issuer cannot report RPBs due to Year 2000 failures, the buying issuer should request that the selling issuer report the RPBs to Chase's contractor, Global Payment Systems, under the buying issuer's ID number. If the selling issuer cannot make the report to Global Payment Systems, the buying issuer should request the selling issuer to report the RPBs through GinnieNET. The buying issuer must notify the Ginnie Mae help desk of the problem, and that the buying issuer is having the selling issuer report the RPBs through Chase. To use this option, the buying issuer must contact Chase at (212) 638-5952 and advise that the seller will be reporting the balances under the buyer's issuer number. As a last resort, the RPBs can be either hand delivered by courier or faxed to Chase in hard copy form. Hard copies should be faxed to (212) 638-7456 or (212) 344-2359.

Final Certifications and Recertifications

Preparation Suggestions:

To minimize potential Year 2000 disruptions, issuers submitting final certifications and recertifications through GinnieNET are encouraged to transmit their certifications to the GinnieNET Network in time for document custodians to complete the certifications in December 1999.

Suggestion for Dealing with Transmission Problems:

Final certifications or recertifications that cannot be transmitted through GinnieNET must be submitted in hard copy form. Form HUD 11706 must be sent to the document custodian for review and signature and mailed or sent by courier to Chase. Notify the Ginnie Mae help desk ((800) 234-GNMA (4662), Option 1) of the problem.

Payment of Guaranty Fees

Preparation Suggestions:

The Ginnie Mae I Guaranty Fee Voice Reporting system is available from the 20th calendar day of the reporting month until the 2nd business day of the next month. Issuers are encouraged to report their Ginnie Mae I Guaranty Fee in December 1999.

Suggestions For Dealing with Transmission Problems:

In the event the Ginnie Mae I Guaranty Fee Reporting system is not available, issuers must call Chase at (212) 638-5952 and report their guaranty fees. If the ACH network is inoperable, issuers must wire the guaranty fee or deliver a check to Chase to be received by the 10th calendar day of the month.

Reporting 11710A Data

Preparation Suggestions:

Submit monthly 11710A pool accounting data to ACS, Government Solutions Group, as early as possible in order to allow time for dealing with transmission problems. See APM 99-27, dated September 9, 1999, with respect to an early cut-off date.

Suggestions for Dealing with Transmission Problems:

If an issuer is experiencing communication problems in transmitting data, the issuer should immediately contact the Ginnie Mae help desk at ACS, Government Solution Group ((888) 446-6434) to communicate the problem, verify whether the data was received successfully and/or receive additional assistance, if appropriate.

Reporting 11710D Data

Preparation Suggestion:

Submit monthly summary accounting data to Chase using GinnieNET as early as possible in order to allow time for dealing with Year 2000 problems.

Suggestion for Dealing with Transmission Problems:

If an issuer is experiencing transmission problems with submitting their 11710D data to Chase through GinnieNET, they should immediately contact the Ginnie Mae help desk at Chase ((800) 234-GNMA (4662), Option 1) in order to communicate the problem, verify whether their data was received and/or receive additional instructions, if appropriate. If the issuer cannot submit the data through GinnieNET, they have the option to prepare and print the form using the GinnieNET software. The signed form 11710D must be received by ACS by the 10th of the month. It can be hand delivered by courier to ACS, Government Solution Group at the below address:

Ginnie Mae Processing
c/o ACS-GSG
One Curie Court
Rockville, MD 20850-4310
Phone Number: (888) Ginnie4 (446-6434)

Reporting Quarterly Loan Level Data

Preparation Suggestion:

Submit quarterly loan level data to ACS, Government Solutions Group, as early as possible in order to allow time for dealing with transmission problems. See APM 99-27, dated September 9, 1999, with respect to early cut-off dates.

Suggestion for Dealing with Transmission Problems:

If an issuer is experiencing communication problems in transmitting data, the issuer should immediately contact the Ginnie Mae help desk at ACS, Government Solution Group ((888) 446-6434) to communicate the problem, verify whether the data was received successfully and/or receive additional assistance, if appropriate.

Ginnie Mae issuers are reminded, in accordance with APM 99-07, dated February 10, 1999, that failure to perform their MBS program responsibilities will not be excused by any Year 2000 failure or error caused by the systems of any third party, including service bureaus, subcontract servicers, document custodians, and funds custodians. If an issuer or document custodian experiences problems that could affect its ability to meet its Ginnie Mae responsibilities, it should contact Ginnie Mae promptly. Early contact will permit Ginnie Mae to make every effort to assist the issuer in resolving the problem. With respect to the above suggestions for dealing with problems that are not within Ginnie Mae's control, Ginnie Mae will make every effort to assist issuers, where feasible. Due to the potential number and severity of problems that could occur, Ginnie Mae cannot guarantee that the alternative approaches will provide a solution to the problems in all cases.

Ginnie Mae will be open for business on January 3, 2000. Ginnie Mae will have staff on site over the weekend of January 1st and 2nd who can be contacted at (202) 708-1142 in an emergency.

Any questions regarding this memorandum should be addressed to your Account Executive in the Office of Customer Service at (202) 708-1535 or the Office of Multifamily Programs at (202) 708-2043.