
APPENDIX XI-7

SERVICEMEMBERS CIVIL RELIEF ACT

MONTHLY ACCOUNTING REPORT PROCEDURES

This Appendix provides two sets of instructions on how to prepare monthly data using either the RFS Issuer Monthly Report of Pool and Loan Data or the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) to account for loans subject to the Servicemembers Civil Relief Act (SCRA). Issuers have the option to use either the Non-Interest Buydown Method or the Interest Buydown Method. A subsidiary record must be maintained for each eligible loan where payments are accepted at the lower rate authorized by the SCRA.

SECTION 1: RFS ISSUER MONTHLY REPORT OF POOL AND LOAN DATA PROCEDURES

A. Non-Interest Buydown Method

1. P-Pool Record Field #4 (Pool FIC). Do not change the previously reported Fixed Installment Control ("FIC").

L-Loan Record Field #11 (Loan FIC). Do not change the previously reported Fixed Installment Control ("FIC"),
2. L-Loan Record Field #18 (Install Interest). Show the amount of interest actually collected at the reduced rate.
3. L-Loan Record Field #4 (Adjust Interest). Enter the difference between the interest due at the loan contract rate, and the reduced rate provided by the SCRA.
4. Liquidations (form HUD 11710-E).
 - a. Interest due. For an eligible loan, use the interest rate to which the loan has been reduced. In the month a loan is removed from a pool, the amount of interest shortfall (the difference between the loan contract rate and the reduced rate provided by SCRA) must be shown in L-Loan Record Field #4 (Adjust Interest). Interest due at the reduced rate will be entered on Section 1, Line B.3.
 - b. Principal remitted. Use the mortgage constant at the original note amortization rate.

B. Interest Buydown Method

1. Installment Control ("FIC").

L-Loan Record Field #11 (Loan FIC). Do not change the previously reported Fixed Installment Control ("FIC").

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2. L-Loan Record Field #18 (Install Interest). Show the amount of interest actually collected at the reduced rate.
 3. L-Loan Record Field #4 (Adjust Interest). Enter the difference between the interest due at the loan contract rate, and the reduced rate provided by the SCRA.
 4. Liquidations (form HUD 11710-E). No change to instructions for loans not subject to the SCRA.

C. Maintenance Subsidiary Records

Under either option, Issuers must maintain a subsidiary record, by pool level, for each eligible loan where payments are accepted at the lower rate authorized by the SCRA. The record must show the pool number, the FHA, VA, RD or PIH case number, and the monthly reconciliation between the actual loan payments and the payments (and the FIC) shown in the RFS Issuer Monthly Report of Pool and Loan Data. The Issuer must retain an original copy of the record that will enable representatives of Ginnie Mae, at any reasonable time, to examine, audit or request the referenced information.

SECTION 2: ISSUER MONTHLY ACCOUNTING REPORT (11710A) PROCEDURES

Issuers that choose to generate the 11710A internally may follow this set of instructions.

D. Non-Interest Buydown Method

1. Section 1, Line A. Do not change the previously reported Fixed Installment Control (“FIC”) in either Sections 1 or 1A.
2. Section 1, Line B.1. under “Pool Interest.” Show the amount of interest actually collected at the reduced rate.
3. Section 1, Line C. under “Pool Interest.” Enter the difference between the interest due at the loan contract rate, and the reduced rate provided by the SCRA.
4. Section 1A, Block A. See instruction for Item A.1. above.
5. Section 1A, Block B. The interest amount shown in the block must be the interest rate due at the loan contract rate.
6. Liquidations (form HUD 11710-E).
 - a. Interest due. For an eligible loan, use the interest rate to which the loan has been reduced. In the month a loan is removed from a pool, the amount of interest shortfall (the difference between the loan contract rate and the reduced rate provided by SCRA) must be shown in Section 1, Line C (under “Pool Interest”) on form HUD 11710-A. Interest due at the reduced rate will be entered on Section 1, Line B.3.
 - b. Principal remitted. Use the mortgage constant at the original note amortization rate.

E. Interest Buydown Method

1. Section 1, Line A. Do not change the previously reported Fixed Installment Control (“FIC”) in either Sections 1 or 1A.
2. Section 1, Line B.1. under “Pool Interest.” Show the amount due at the original contract rate.
3. Section 1A, Block A. See instructions for Item B.1. above.
4. Section 1A, Block B. The interest amount shown in this block must be the interest rate due at the loan contract rate.
5. Liquidations (form HUD 11710-E). No change to instructions for loans not subject to the SCRA.

F. Maintenance Subsidiary Records

Under either option, Issuers must maintain a subsidiary record, by pool level, for each eligible loan where payments are accepted at the lower rate authorized by the SCRA. The record must show the pool number, the FHA, VA, RD or PIH case number, and the monthly reconciliation between the actual loan payments and the payments (and the FIC) shown on form HUD 11710-A. The Issuer must retain an original copy of the record that will enable representatives of Ginnie Mae, at any reasonable time, to examine, audit or request the referenced information.