

CHAPTER 19. REPORTING REMAINING PRINCIPAL BALANCES

PART 1. OVERVIEW OF CHAPTER

Effective Date: 2015-10-01

Each month, Issuers are required to report to Ginnie Mae, as of their monthly reporting cut-off date, the aggregate security remaining principal balances (RPB) for each of their pools and loan packages. This Chapter describes the importance of submitting accurate and timely RPB reports, certain uses of RPB report data, as well as the potential consequences for Issuers that report inaccurate RPBs and for Issuers that do not report RPB by the required deadlines.

The specific process for submitting RPB reports is described in MBS Guide, Ch. 17. Also, please note that the HMBS Program has additional specific RPB reporting requirements that are found in MBS Guide, Ch. 35.

PART 2. RELATIONSHIP BETWEEN RPB AND PAYMENTS ON THE SECURITIES

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Ginnie Mae uses the RPB reported by Issuers to compute the payment of principal and interest to security holders. Ginnie Mae I MBS Issuers are obligated to pay certificated security holders and to make funds available to the depository on all book-entry securities. Similarly, Ginnie Mae II MBS Issuers must make funds available to the CPTA for payment to security holders. These amounts are computed on the basis of RPB for the related pool or loan package reported on or before the fourth business day of the month, even if the reported RPB is incorrect.

For this reason, each Issuer is required to report RPBs timely and accurately per the deadlines in MBS Guide, Ch. 19, Part 4 below.

PART 3. IMPORTANCE OF ACCURATE RPB FOR INVESTORS AND THE CAPITAL MARKETS

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Ginnie Mae also uses the RPB data to compute “factors” for each pool. A factor is defined as the percentage of the original principal amount that will remain outstanding once the scheduled monthly payment on the securities has been made. These factors are used by securities dealers, investors, and others involved in trading Ginnie Mae securities and are vital to the proper allocation, among classes of Ginnie Mae REMIC securities, of monthly cash flows on the underlying Ginnie Mae MBS.

PART 4. RPB REPORTING DEADLINES

Effective Date: 2015-10-01

Issuers are required to report correct RPB amounts for each pool and loan package no later than the second business day of each month. Ginnie Mae expects the RPB reported by the second business day to be complete and accurate. However, if an Issuer determines that adjustments need to be made, such Issuer is required to submit a revised RPB report as soon as possible, but no later than the fourth business day of the month.

After the fourth business day of a month, the Issuer reported RPB cannot be corrected, even if the issuer subsequently determines that the reported RPB is incorrect. *(Please See MBS Guide, Chapter 17 for detailed guidance on the RPB reporting process)*

PART 5. PRE-COLLECTION NOTICES

Effective Date: 2015-10-01

The CPTA will provide Issuers with a pre-collection notice of all amounts, per pool and/or loan package, that will be withdrawn from their central P&I custodial account. The first pre-collection notice will be sent via eNotification on the third business day of the month, and the second and final pre-collection notice will be sent on the sixth business day of the month. The latter report will reflect any changes submitted by the Issuer no later than 7:00 PM (Eastern time) on the fourth business day of the month.

PART 6. FAILURE TO REPORT

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In the event an Issuer fails to report RPB by the 4th business day, Ginnie Mae will compute the RPB based on a computation of scheduled principal for the reporting period. The RPB computed by Ginnie Mae will then be used to determine the payments due to security holders and reflected in the final pre-collection notice. In addition, the Issuer will be subject to the sanctions discussed in MBS Guide, Ch. 19, Part 7 below.

PART 7. SANCTIONS AND PENALTIES

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Both the failure to report RPBs and inaccurate RPB reporting are considered a failure by the Issuer to remit timely and accurate payment to security holders as required by the Guaranty Agreement. Issuers that fail to report timely and accurately to RFS, including the RPB data, may be subject to default and/or other sanctions by Ginnie Mae.