

CHAPTER 20: MATURITY OR TERMINATION OF POOL

20-1: OVERVIEW OF CHAPTER

A pool matures on the earlier of the stated maturity date and the payment date following the reporting month in which the Issuer is entitled to receive the final payments due on the pooled mortgages. An early pool termination occurs when the securities collateralized by a pool of mortgages are terminated prior to the maturing of the pooled mortgages, by written consent of the Issuer and the security holders. A Ginnie Mae I MBS pool, a Ginnie Mae II MBS custom pool may be terminated prior to pool maturity, but neither a multiple Issuer pool nor any constituent loan package of such a pool may be terminated prior to the time the pool matures.

This chapter describes the procedures required for final payments to security holders and the surrender of securities when a pool matures. It also explains the steps necessary to effect the early termination of a custom pool, including required notices, release of mortgage documents by the document custodian, and payment of the final guaranty fee.

20-2: POOL MATURITY

(A) *Ginnie Mae I MBS Program*

When a Ginnie Mae I MBS pool matures, any final payment due on book-entry securities must be made to the depository on the 15th of the month or, if the 15th of the month is not a business day, on the first business day following the 15th of the month. The book-entry securities will be canceled by the CPTA based on the depository's report that the securities have been paid off.

When the pool matures, any final payment due on certificated securities is made only upon surrender of the outstanding certificates by the security holders. The Issuer will give notice of final payment to the security holders in time to enable them to surrender their certificates and still receive payment by the 15th of the month or, if payment is made electronically and the 15th is not a business day, by the first business day following the 15th of the month.

If securities are held in certificated form, security holders must deliver their certificates to the Issuer, who must, in turn, deliver them to the CPTA (see Addresses). The Issuer must state in a transmittal letter to the CPTA that the pool has matured for the certificates being surrendered.

For maturing pools, in the month final payment is to be made to security holders, monthly accounting documents will be submitted to the Ginnie Mae Reports Group (see Addresses), and guaranty fee payments will be made through ACH procedures (see Sections 15-2 and 6-4).

(B) *Ginnie Mae II MBS Program*

When a Ginnie Mae II MBS pool matures, final payment due on book-entry securities must be made by the CPTA to the

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depository by the 20th of the month. The book-entry securities will be canceled by the CPTA based on the Issuer reporting that the securities have been paid off.

When the pool matures, any final payment due on securities held in certificated form is made only upon surrender of the outstanding certificates to the CPTA for cancellation. The CPTA will give notice of final payment to the security holders in time to enable them to surrender the securities to the CPTA and still receive timely payment by the 20th of the month.

For maturing pools, in the month final payment is to be made to security holders, monthly accounting documents will be submitted to the Ginnie Mae Reports Group (see Addresses), and security holder payments and guaranty fee payments will be made through ACH procedures (see Sections 15-3 and 6-2(C)).

20-3: EARLY TERMINATION OF POOL

(A) General Requirements

A Ginnie Mae I MBS pool, a Ginnie Mae II MBS custom pool or a Ginnie Mae II multiple Issuer pool containing only one loan package may be terminated prior to the stated maturity date if the Issuer and all security holders of the outstanding securities relating to the pool have entered into an agreement for the termination and if Ginnie Mae has approved the termination. Upon formal notification and evidence satisfactory to Ginnie Mae that all parties to the termination agreement have concurred, the related Guaranty Agreement will be canceled.

A Ginnie Mae II multiple Issuer pool that consists of more than one loan package may not be terminated prior to the stated maturity date unless all of the loan packages backing the pool are to be terminated.

Ginnie Mae will permit a pool to be terminated without a cash payment (i.e., payment through a reissuance (new securities backed by modified loans)) if the parties agree in writing to that payment method. A copy of the agreement must be submitted to the Office of Issuer & Portfolio Management for approval prior to the termination. Pools terminated as part of the consolidation of state or local housing bond pools must be

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terminated through the reissuance of new securities. A copy of the security holder's agreement to terminate the pools for the purpose of consolidation will be sufficient evidence of the parties' acceptance of payment through reissuance of new securities.

No pool may be terminated as a result of the Issuer's or subcontract servicer's unilaterally prepaying either loans or securities in excess of the scheduled and unscheduled payments received from the mortgagors, except in the event of a default continuing for 90 days or more (see Section 18-3(B)).

(B) Required Procedures

The procedure required to terminate a pool prior to the stated maturity date is as follows if the remaining loans have not been in default for 90 days or more:

(1) Reporting of RPB:

On the second business day of the month in which the Issuer wishes to terminate, the Issuer must report the RPB based on scheduled payments due and unscheduled payments collected during the related reporting month.

(2) Payment to security holders:

In the month in which the Issuer wishes to terminate a pool, it must, as appropriate, pay to the security holders or deposit into the central P&I custodial account, in accordance with Chapter 15, the amounts that the security holders are entitled to, based on the RPB reported by the Issuer in that month. It must do so regardless of the proposed date of termination.

(3) Notice of termination:

Prior to paying the security holders the remaining principal balance, the Issuer must submit to Ginnie Mae's Office of Issuer & Portfolio Management (see Addresses), prior to the 25th day of the month in which the Issuer wishes to terminate, a written notice that it will terminate the pool.

(a) For securities in book-entry form:

The Issuer must provide Ginnie Mae with a copy of a written approval from the depository to terminate the securities. Ginnie Mae will then instruct the CPTA to cancel the pool.

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- (b) For securities in fully registered, certificated form:

The Issuer's notice must be accompanied by any certificated securities and written approvals of the termination from all security holders.

In either case, the notice for pools terminating as a result of a consolidation of bond-financed pools must also state that the pools are being terminated as part of a bond pool consolidation. The notice must provide the pool numbers for each of the pools being terminated. A copy of the notice must be provided to the CPTA. In addition, the notice must be accompanied by:

- (c) A copy of the final form HUD 11710-A (VI-4), which must show an RPB of zero for the month in which the termination is to occur. The Issuer must complete only Sections 3 and 4 of the form HUD 11710-A.
- (d) A payment via pay.gov for the final guaranty fee in the amount shown on line 3A of the final form HUD 11710-A for the terminated pool. For payment instructions to Ginnie Mae's Office of Chief Financial Officer, see Chapter 6, section 6-5 of this Guide. Note: A final guaranty fee is not applicable for the bond consolidation program.

Ginnie Mae will not approve the termination until it receives all the required documents and a payment in the correct amount for the guaranty fee. If the fee is also included in an Issuer's ACH debit, the Issuer must request a refund of the fee through the Ginnie Mae Reports Group (see Addresses), but only after all of the fees due for all of the reported pools in the month of termination have been reconciled to the ACH debit for that month.

- (e) Name, address, and contact person at the document custodian.
- (4) Notification from Ginnie Mae:

Upon receipt of the documents required for pool termination, Ginnie Mae will give the Issuer written approval for pool termination. The Issuer need not file another form HUD 11710-A for the terminated pool.

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Ginnie Mae will give the CPTA notice that the CPTA should not ACH any funds in subsequent months in connection with the terminated pool, either for payment of the security holders or, in the case of the CPTA, for payment of Ginnie Mae's guaranty fee.

The depository will be instructed to return the position and delete the CUSIP number from its records.

(5) Release of mortgage documents:

Upon receipt of the items described above, Ginnie Mae will notify the document custodian of the pool termination, thereby authorizing release of the mortgage documents to the Issuer. The document custodian may not release the mortgage documents for pool termination until it receives the notification from Ginnie Mae provided for above in Section 20-3(B)(3).

When a pool is terminated as part of a consolidation of bond financed pools under the provisions of Section 24-2(B)(2), the document custodian may transfer all of the loan documents in the pools to be terminated into the consolidated pool file. However, the loan documents in the pools to be terminated should not be transferred to the consolidated pool file until after the 5th business day of the month in which the consolidated pool will be issued.

(6) Final guaranty fee and payment to security holders:

The timing of the payment of the final guaranty fee on a terminated pool, as well as the timing of the final payment to the security holders, depends on the date a complete notice of termination is received by Ginnie Mae. If Ginnie Mae receives the notice of termination on or before the 25th calendar day of the month, the accompanying payment via pay.gov for the guaranty fee will be treated as the guaranty fee for that month. The guaranty fee must be for the full month; the fee is not prorated for the month of termination. Failure to submit the notice of termination and guaranty fee on or before the 25th calendar day of the month will require the Issuer to pay the guaranty fee for the following month.

Provided that Ginnie Mae has approved the termination, the Issuer must pay directly to the security holders, at a mutually agreed upon time

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during the month of termination, any pool remaining principal balance that would otherwise remain unpaid after the monthly payment, described in Section 20-3(B)(2) above, is made in that month. This payment may be made on, before, or after the date of the monthly payment.

(C) Disposition of Remaining Funds

Upon termination or maturity of a pool, any funds remaining in the pool P&I custodial account that relate to the terminated pool, and to which the Issuer is not otherwise entitled based on the terms of the applicable Guaranty Agreement and this Guide, must be remitted to the CPTA (see Addresses).