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*This publication will be used periodically to provide reminders or further information about Ginnie Mae programs, as well as notification of upcoming training events or conference calls of interest to Issuers. Please note, APMs (All Participants Memoranda) will continue to be the formal communication device used to announce and implement official policy changes to Ginnie Mae's Mortgage-Backed Securities (MBS) programs. If you have any comments or suggestions on how to make this publication more informative and helpful, please contact your Account Executive directly.*

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## GinnieNET Reporting—Loan Buydown Code (GinnieNET Layout Record M10 Field 10)

Issuers are reminded of the requirement to report complete and accurate loan data to GinnieNET for pool issuance. Ginnie Mae has noticed an uptick in the inaccuracy and incompleteness of the Loan Buydown Code (1= Buydown, 2 = Not a Buydown).

The Loan Buydown Code is used by Ginnie Mae's pool processing systems for compliance with loan eligibility requirements and for control on the 10% de minimis requirements for Ginnie II Custom Pools and Multi Issuer Pools.

It is important that Issuers take appropriate steps to ensure that they have proper checks and balances in place to make certain that the information reported to GinnieNET is complete and accurate.

## RFS Exception Feedback Loan Level Reporting

Issuers are reminded of the requirement to report complete and accurate loan data to RFS for monthly loan reporting. Ginnie Mae is updating the severity code for RFS Exception Feedback edit LOAN100 for "Last Installment Paid Date" (Field 12 of the Loan Record, MBS Guide Appendix VI-19).

Field 12, Last Installment Paid Date is used by Ginnie Mae's processing systems to calculate delinquency. This field must be reported accurately each month by Issuers. If a scheduled installment has been made by the borrower, the installment date must be reported to RFS.

The severity code for LOAN100 has changed from "H = High" to "C = Critical". Per the MBS Guide, "Critical" RFS Exceptions must be cleared by the 4th Business Day and failure to do so is a serious compliance concern for the Issuer.

## Application of Seasoning Requirements to Refinance Loans Originated Prior to Publication of APM 18-04.

In APM 19-05, Ginnie Mae revised its seasoning requirements for VA-Guaranteed refinance loans in accordance with the standard provided by the Protecting Affordable Mortgages for Veterans Act of 2019 (the 2019 Act). The revisions announced in APM 19-05 replace the seasoning standards required by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (the 2018 Act), as implemented by APM 18-04, for all Ginnie Mae MBS issued on or after August 1, 2019. Hence, APM 19-05 provides a consistent and unambiguous framework for computing the seasoning period

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for purposes of meeting Ginnie Mae's securitization parameters going forward, consistent with requirements for obtaining a VA Guaranty.

However, Ginnie Mae understands that a subsegment of VA-Guaranteed refinance loans that were underwritten and originated prior to the passage of the 2018 Act were rendered ineligible for pooling when APM 18-04 was published ("orphan loans"). Moreover, Ginnie Mae understands that some of these orphan loans may not satisfy recently announced seasoning standards in APM 19-05.

The 2019 Act also removed securitization restrictions previously implemented by the 2018 Act, which enables Ginnie Mae to provide a securitization path for the above-referenced orphan loans. Issuers holding any orphan loans, may contact their Account Executive for assistance with reviewing whether such loans are eligible for securitization. Please note that Ginnie Mae will not contemplate a securitization path for orphan loans that do not satisfy the requirements of APM 17-06 or for orphan loans with application dates after May 30, 2018, the date APM 18-04 was published.

Lastly, please note that any loans that were pooled into securities dated June 2018 through July 2019 and are subject to a buyout demand due to non-compliance with APM 18-04 must be bought out in accordance with Ginnie Mae's guidance.