



August 28, 2003

03-17

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Release of GinnieNET 2020, Version 5.9

Ginnie Mae is pleased to announce the release of GinnieNET 2020, Version 5.9 (“GinnieNET 5.9”). GinnieNET 5.9 includes features that will accommodate new products and improvements to existing products. Highlights of this new software include the following: (1) Hybrid adjustable rate mortgages (“ARM”); (2) New Ginnie Mae II custom buydown pool type (“C BD”); (3) Edits to prevent buydown loans in Ginnie Mae I single family pools (“X SF”); (4) A prompt reminding issuers to report prepayment penalty amount(s) for multifamily pools; and (5) GinnieNET User Guide update.

1. Hybrid Adjustable Rate Mortgage Loan Packages

Ginnie Mae is expanding its ARM line to include the Federal Housing Administration (“FHA”) and The Department of Veterans Affairs (“VA”) hybrid ARMs. In addition to its standard 1-Year ARM, FHA has added 3, 5, 7 and 10 Year hybrid ARMs. VA has created 3-Year and 5-Year hybrid ARMs similar to those offered by FHA. Hybrid ARM products will only be eligible for pooling as multiple issuer loan packages under the Ginnie Mae II MBS program. See All Participants Memorandum (“APM”) 03-16, dated August 22, 2003, for further details.

Effective with October 1, 2003, pool issuances, new hybrid ARM designations will be available for pooling loans under the Ginnie Mae II multiple issuer pool program. The following pool type suffixes have been added to GinnieNET to accommodate both FHA and VA hybrid ARMs:

ARM Product Type	New Suffix	Initial Fixed Rate Period
3-Year ARM	M AT	3 Years
5-Year ARM	M AF	5 Years
7-Year ARM	M AS	7 Years
10-Year ARM	M AX	10 Years

2. Ginnie Mae II Custom Buydown Pool Type

As part of the Ginnie Mae II program restructuring initiative (APM 03-02, dated January 10, 2003, and APM 03-08, dated April 2, 2003), a new Ginnie Mae II custom buydown pool type suffix has been created. Any Ginnie Mae II custom pool that contains buydown loans in excess of ten percent (10%) of the total original principal balance must be denoted with the new suffix “C BD”. In addition, a fatal edit has been added to GinnieNET to ensure that buydown loans do not exceed 10% of a pool’s total original principal balance for Ginnie Mae II custom single family pools (“C SF”).

3. New GinnieNET Edits for “X SF” Pools

Under the Ginnie Mae I MBS program, issuers will no longer be able to transmit through GinnieNET an “X SF” pool that contains buydown mortgages. The issuer has the option at pooling to either change the pool suffix from “X SF” to “X BD”, or to remove all buydown loans to conform to the 0% buydown loan threshold for an “X SF” pool designation.

4. New Prompt for Multifamily Pool Prepayment Penalties

The investor reporting module has been enhanced to remind multifamily issuers of the possible need to report timely prepayment penalty amount(s) due security holders. The prompt will appear when issuers transmit a zero remaining principal balance to the GinnieNET network. The issuer will be required to indicate “yes” or “no” as to whether a prepayment penalty is due. If a prepayment penalty is due, the issuer is required to report the dollar amount of the prepayment penalty.

5. Updated GinnieNET User Guide

A new GinnieNET 5.9 User Guide is now available as a separate file on the GinnieNET 5.9 installation compact disc. The GinnieNET 5.9 User Guide is also available on Ginnie Mae’s website at www.ginniemae.gov.

Please note that issuers and document custodians must use GinnieNET 5.9 software for all securities (Ginnie Mae I and Ginnie Mae II MBS programs) to be issued with an issue date of October 1, 2003, and thereafter. GinnieNET 5.8 will not support security issuances dated October 1, 2003, and thereafter. Issuers and Document Custodians are strongly encouraged to update the GinnieNET software upon receipt, but no later than October 1, 2003.

Questions regarding this memorandum may be addressed to your Ginnie Mae Single Family Account Executive at (202) 708-1535, or your Multifamily Account Executive at (202) 708-2043.