

## CHAPTER 8: APPLICATION FOR COMMITMENT AUTHORITY AND POOL AND LOAN PACKAGE NUMBERS

### 8-1: OVERVIEW OF CHAPTER

Before an approved issuer may issue Ginnie Mae securities, it must apply for Ginnie Mae's commitment authority to guarantee securities in an amount equal to or greater than the securities the issuer plans to issue. This chapter describes the application process, which is the same for issuers requesting commitment authority for the first time and those who have issued Ginnie Mae securities previously.

### 8-2: INTEGRATED POOL MANAGEMENT SYSTEM (IPMS)

The Integrated Pool Management System (IPMS) is an electronic system established by Ginnie Mae for the disbursement and management of commitment authority to guarantee MBS. IPMS enables Ginnie Mae to monitor the eligibility status and the commitment authority accounts of all issuers.

Ginnie Mae will not disburse commitment authority or guarantee any securities unless the issuer requesting the commitment authority or guaranty qualifies as an eligible issuer both at the time the commitment is disbursed and at the time the guaranty is issued.

#### (A) *Ginnie Mae Discretion*

Ginnie Mae, in its sole discretion, may refuse to grant any application for commitment authority or pool or loan package numbers.

#### (B) *Commitment Authority*

Commitment authority permits an issuer to issue securities up to an approved dollar amount. The amount of commitment authority approved, less the amount of any authority used, constitutes an issuer's "commitment line balance." Issuers should request sufficient commitment authority to cover approximately a 120-day production period.

Prior to submitting a pool or loan package to the PPA, an issuer must have adequate commitment authority to cover the aggregate dollar amount of the pool or loan package. An issuer risks delay or the return of its pool or loan package submission if it does not have adequate commitment authority when it submits the pool or loan package. Commitment authority is not required to issue pools consolidating any or all bond financed pools issued as a result of a bond series.

To participate in the multifamily programs, the issuer must obtain multiline commitment authority. Multiline commitment authority cannot be used for other pool types, nor can other commitment authority be used for multifamily pools.

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- (1) Transfers: Except in the case of merger, commitment authority may not be transferred from one approved issuer to another.
- (2) Expiration: Single family commitment authority expires on the last day of the month one year after the month in which it is approved. For example, if single family commitment authority is approved on July 15, 1999 and is not used, it will expire on July 31, 2000. Multifamily project and construction loan commitment authority expires on the last day of the month two years after the month in which it is approved.
- (3) Conditions for use: In order to obtain or utilize approved commitment authority, an issuer must be in compliance with the conditions stated in the commitment, the eligibility requirements described in Chapters 2 and 3 of this Guide, and the remaining requirements imposed on issuers in the applicable Guaranty Agreement and this Guide. Failure to do so is cause for Ginnie Mae to prohibit the issuer's use of its existing commitment line and to deny requests for new commitment authority or pool or loan package numbers.
- (4) Limit to commitment authority: The total annual amount of commitment authority that Ginnie Mae can approve in any federal fiscal year is limited by statute and administrative procedures. Generally, the amount available for a full fiscal year (October 1 through the following September 30) will be known by October 1st. If, however, an appropriation act has not passed, or if other circumstances intervene, Ginnie Mae may not know at the start of a fiscal year how much commitment authority will be available for that year.

In the event that the available commitment authority is so constrained that Ginnie Mae must allocate it among applicants, Ginnie Mae may not approve the full amount of commitment authority requested or for which the issuer is eligible.

### ***(C) Commitment Authority Debit Process***

When a pool or loan package is submitted for processing, the PPA determines whether the issuer has sufficient commitment authority to issue the pool or loan package. If there is an insufficient balance, Ginnie Mae's Office of Mortgage-Backed Securities will notify the issuer promptly, and the PPA will set the pool or loan package aside. In such cases, the issuer must contact the Office of Mortgage-Backed Securities for commitment authority to issue the pool or loan

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package. The PPA will not process the pool or loan package until it receives notification from Ginnie Mae that sufficient commitment authority has been approved.

If the issuer has sufficient commitment authority and the pool or loan package is funded, the issuer's total commitment line account is automatically debited by the amount of the new pool or loan package. However, in the case of pools issued to consolidate any or all bond financed pools issued as a result of a bond series, the issuer's commitment line will not be debited for the amount of that pool.

Ginnie Mae will not be responsible for an issuer's pools that fail to fund on the assigned funding date due to insufficient commitment authority. It is each issuer's responsibility to monitor its own commitment line balance. Ginnie Mae will provide each issuer with a statement of remaining commitment authority and unused pool or loan package numbers once a year, usually 30 days after the end of the issuer's fiscal year. The issuer can request interim statements if necessary from Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)).

### **(D) Commitment Fee**

The fee schedule for commitment authority is \$500 for the first \$1.5 million plus \$200 for each additional million or portion thereof. (See Section 6-2(B))

### **(E) Pool and Loan Package Numbers**

As part of the commitment authority application procedure, the issuer must request and will be assigned pool or loan package numbers. These numbers must be affixed to certain pool or loan package documents before the pool or loan package is submitted for approval. The pool or loan package number identifies the pool or loan package throughout its life. Issuers should request sufficient pool and loan package numbers to cover a 120-day production period. The issuer must assign a new pool number to pools issued to consolidate any or all bond financed pools issued as a result of a bond series.

Pool and loan package numbers do not expire until they are assigned to a specific pool or loan package.

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Pool or loan package numbers are created as follows:

- (1) Ginnie Mae I pools
  - (a) All Ginnie Mae I pools:

The pool number is the assigned six-digit pool number followed by "X" and the two-letter suffix identifying the loan type (for example, "SF" or "CL").

Example: A BD pool number would take the form "123456XBD".
  - (b) All Ginnie Mae I GPM and GEM pools:

The six-digit pool numbers begin with "9". They may be used for either GPM or GEM pools, but they may not be used for any other pool type. They are followed by an "X" and the two-letter suffix identifying the loan type (for example, "GP" or "GA").

Example: A GA pool number would take the form "954321XGA".
- (2) Ginnie Mae II pools and loan packages
  - (a) All Ginnie Mae II custom pools:

The pool number is the assigned six-digit pool number followed by "C" and the two-letter suffix identifying the loan type (for example, "SF").

Example: A custom SF pool number would take the form "123456CSF".
  - (b) All Ginnie Mae II multiple issuer pools and loan packages:

The loan package number, also called the commitment number, is the assigned six-digit number followed by "M" and the two-letter suffix identifying the loan type (for example, "SF"). The multiple issuer pool number is a unique, four-digit number followed by an "M" and the two-letter suffix identifying the loan type. Multiple issuer pool numbers are assigned by the PPA once it has received and processed all the multiple issuer loan package submissions for a given month with the same security interest rate and maturity. Each four-digit number allows the multiple issuer pool to

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be identified by issue date, type of mortgages, and securities interest rate.

Upon issuance of a multiple issuer pool, the CPTA will promptly provide the pool's four-digit number to each issuer whose loan package is included in the pool.

Example: A multiple issuer SF pool number would take the form "4536MSF".

A multiple issuer SF pool loan package number would take the form "756453MSF".

- (c) All Ginnie Mae II APM pools and loan packages:

The four-digit pool and the six-digit loan package numbers begin with "8". They may not be used for any other pool or loan package type. They are followed by a "C" or an "M" and the two-letter suffix identifying the pool or loan package type (for example, "AR").

Example: A multiple issuer AQ loan package number would take the form "857463MAQ".

- (d) All Ginnie Mae II GPM and GEM pools and loan packages:

The four-digit pool or six-digit loan package numbers begin with "9". They may be used for either GPM or GEM pools and loan packages, but they may not be used for any other pool or loan package type. They are followed by a "C" or an "M," as appropriate, and the two-letter suffix identifying the pool or loan package type (for example, "GP" or "GA").

Example: A multiple issuer GA pool number would take the form "9234MGA" and a custom GA pool number the form "923456CGA."

### 8-3: APPLICATION PROCEDURE

The procedure for applying for commitment authority or pool or loan package numbers is as follows:

- (A) The issuer determines the types and numbers of pools or loan packages it wishes to issue and calculates the total amount of commitment authority required.

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APM, GPM, and GEM pool or loan package numbers must be specifically requested because they cannot be used for other pool types, and pool or loan package numbers for other pool types may not be used for APM, GPM, or GEM pools or loan packages.

- (B) The issuer prepares the documents listed in Section 8-4 and sends them to Ginnie Mae's Office of Mortgage-Backed Securities, (see [Addresses](#)).
- (C) The commitment request is not approved if the issuer does not meet Ginnie Mae's continuing issuer eligibility requirements. (See Chapter 3)
- (D) Ginnie Mae reviews the application and notifies the issuer in writing when the request has been approved or partially approved.

The issuer will be notified by telephone if the application for commitment authority is denied.

- (1) If the request is approved, Ginnie Mae credits the issuer's commitment line balance on IPMS for the commitment line amount and, if requested, allocates pool or loan package numbers. The approved request is returned to the issuer.
- (2) If the request is denied, Ginnie Mae advises the issuer of the reason for rejection and refunds the fee.

### 8-4: DOCUMENTS REQUIRED

The following forms and other documentation must be sent to Ginnie Mae's Office of Mortgage-Backed Securities (see [Addresses](#)), to request commitment authority or pool or loan package numbers. Refer to the Appendix number shown for instructions on completing the documents.

- (A) Letter of Transmittal for Commitment Authority and/or Pool Numbers, form HUD 11700 (Appendix [II-1](#)). If the request is for additional pool or loan package numbers only, this is the only form that must be submitted.
- (B) Commitment to Guarantee Mortgage-Backed Securities, form HUD 11704 (Appendix [II-2](#)).
- (C) A check, payable to Ginnie Mae, for the commitment fee. (If the request is for additional pool or loan package numbers only, no fee is required).