



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-9000

THE GOVERNMENT NATIONAL  
MORTGAGE ASSOCIATION

February 10, 1999

99-07

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Year 2000 Certification of Readiness and the  
Mortgage Bankers Association's ("MBA") Industry  
Testing

Ginnie Mae is committed to ensuring that the mission and objectives of the agency will not be disrupted due to Year 2000 induced information technology errors, and that the safety and soundness of Ginnie Mae's mortgage-backed securities ("MBS") programs are protected. As such, Ginnie Mae has actively pursued remediation of its core business systems, and is currently developing contingency plans to reduce the risk of business disruption in the event technology failures do occur. Ginnie Mae recognizes that the participants' preparedness to address Year 2000 business processing is critical to Ginnie Mae's ability to satisfy the mission and objectives of supporting the flow of mortgage capital. Therefore, in accordance with Section 7.01 of the Guaranty Agreement, and Chapter 10-14(h) of the Ginnie Mae II Guide, Ginnie Mae requires that each issuer provides a certification that it has taken appropriate action to assure that it will continue to meet all Ginnie Mae requirements. **The Certification of Readiness ("Certification") shall be submitted no later than March 31, 1999, to the address shown below.** See Attachment 1 for the form of Certification, and Attachment 2 for information on issues that should be considered in preparing for Year 2000.

Beginning with the first quarter of calendar year 1999, the MBA has been coordinating and facilitating an industry test to ensure that various partners and stakeholders throughout the industry will be able to successfully share data and conduct operations in the Year 2000 and beyond. Ginnie Mae strongly encourages all issuers and document custodians to participate in the test. This test will require participants to sign up and use the test transactions that have been developed to test key Ginnie Mae transactions (e.g., pool submission, RPB reporting, and loan level reporting). This test will provide additional comfort and assurance of our collective ability to operate successfully into

the Year 2000. For more information regarding the MBA test, timing of the test and steps for registration, check [www.mbay2k.org](http://www.mbay2k.org) or call the MBA at 1-800-793-6222.

Your full and timely response is critical to Ginnie Mae's ability to promote the uninterrupted flow of mortgage capital. The Certification shall be signed and dated by a duly authorized officer of the company (must be an officer listed on the issuer's form HUD 11702). All responses will be held in the strictest of confidence and are intended for internal Year 2000 planning. The Certification should be sent to:

Information Engineering Services  
Ginnie Mae Year 2000 Agent  
1700 Diagonal Road, Suite 200  
Alexandria, VA 22314

Issuers are cautioned that failure to perform will not be excused by any Year 2000 failure or error caused by the systems of any third party, including, but not limited to, document custodians and funds custodians.

On-site assessment of issuers for Year 2000 readiness may be undertaken by Ginnie Mae. If there are any questions regarding this matter, please contact Ginnie Mae's Year 2000 Agent, Information Engineering Services, at 703-739-1110.

Attachment 1

Certification of Readiness

The undersigned issuer certifies that the computer systems and other information technology (collectively, "the systems") used by or for the benefit of the issuer in connection with the issuer's performance under the Guaranty Agreement and the Ginnie Mae Mortgage-Backed Securities Guides ("the Guides"), shall be Year 2000 compliant no later than July 31, 1999, and at all times thereafter. "Year 2000 compliant" means that: (1) the systems accurately process, provide and/or receive date/time data (including without limitation calculating, comparing, and sequencing) within, from, into, and between centuries (including without limitation the 20<sup>th</sup> and 21<sup>st</sup> centuries), and leap year calculations; and (2) neither the performance nor the functionality nor the issuer's performance under the Guaranty Agreement and the Guides will be affected by dates prior to, on, after, or spanning January 1, 2000.

In addition, the issuer certifies that it shall put in place reasonable contingency plans to ensure that its Ginnie Mae business operations will not be disrupted in the event Year 2000 induced errors do occur. Such contingency plans shall be finalized no later than July 31, 1999.

No obligation of the issuer under the Guaranty Agreement or the Guides will be excused by reason of the failure of any systems of any third party to be Year 2000 compliant, including, but not limited to, funds custodians and document custodians, and no such occurrence will be deemed a *force majeure* event, i.e., a disruptive event that excuses the party from its contractual obligations.

Date: \_\_\_\_\_, 1999 \_\_\_\_\_

Issuer Name

Issuer Number: \_\_\_\_\_

Attestation:

Issuer Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Corporate Secretary

By: \_\_\_\_\_

Print name:

Print title:

## Attachment 2

### Information on Preparing for Year 2000

The following areas should be considered in preparing for Year 2000:

#### Business Systems

- Have all major systems supporting Ginnie Mae operations been remediated and tested?
- Has the testing addressed the industry-wide date checklist for all known dates within the application?
- Has the remediation process followed a structured methodology with deliverables identifying each of the major milestones throughout the process?
- If remediation is not completed, is there a schedule for completing the work timely?

#### Technical Infrastructure

- Has the infrastructure been brought up to Year 2000 compliance? Identify percentage to date that is compliant.
- Have all changes made to the infrastructure been tracked?
- Can it be independently verified that the environmental changes have been performed to address Year 2000 vulnerabilities?

#### Personal Computers

- Have all personal computers been checked to determine their level of compliance?
- Have those analyses assessed the BIOS, operating systems, and network operating systems?
- Have all critical software applications, third party and custom software that reside on the PC been verified as compliant?

### Facilities Infrastructure

- Have the facilities been assessed to determine whether or not the elevators and buildings can be accessed?
- Have security accesses been assessed to determine their level of Year 2000 compliance?
- Have utility components been assessed to determine their level of Year 2000 compliance?

### Contingency Planning

- Have contingency plans been developed or are they in the process of being developed to ensure business operations will not be disrupted in the event of Year 2000 induced errors?
- Have critical business partners been contacted to determine the level of contingency planning development?
- Are plans in place to test the contingency plans?