



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

September 18, 2006

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MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Guide Changes: Updated Recertification and Veterans Administration ("VA") Loan Pooling Guidelines

As part of its ongoing commitment to improve business processes, Ginnie Mae is pleased to announce two changes to its mortgage-backed securities guide. The first change clarifies its recertification guidelines for single-family issuers. The second change expands the eligibility of aged VA loans that can be securitized.

Ginnie Mae has updated its recertification guidelines to simplify the minimum requirements for pool recertification, and to clarify the different recertification requirements for issuers with and without an executed representations and warranties ("R&W") agreement. An approved R&W agreement permits an issuer's custodian to recertify pools without receipt and review of security instruments, title policies, and intervening assignments ("trailing document"). In the normal course of business, however, R&W issuers must still procure trailing documents and forward these documents to the custodian for independent tracking and storage. In accordance with Chapter 21(B)(3) of Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev.1 ("Guide"), when an issuer transfers its issuer responsibility to another issuer, the acquiring issuer becomes the issuer of record and assumes all rights and responsibilities, including the responsibility for procuring all required documents.

Ginnie Mae has also changed its policies regarding eligible VA loans. If the loan balance of a VA loan, at pooling, is at or below the current, conforming loan limit in the conventional market, that loan is eligible for pooling in a Ginnie Mae security. All other pooling requirements remain the same.

Additional information pertaining to the referenced initiatives are detailed in Chapter 24-2, and Appendix V-1 of the Guide, and is accessible on Ginnie Mae's web site at www.ginniemae.gov. If you have any questions regarding this announcement, please contact your account executive at (202) 708-1535.