



THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

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

May 10, 1999

99-16

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Forbearance and Buyout Authorization for Loans in Areas Declared a Disaster by President Clinton
Due to Tornadoes in Kansas and Oklahoma

FORBEARANCE

In an effort to minimize the economic hardship for those persons affected by tornadoes, Ginnie Mae encourages all single-family, manufactured housing and multifamily Ginnie Mae issuers to provide forbearance to mortgagors in areas declared a disaster by President Clinton in Kansas and Oklahoma. Ginnie Mae realizes that with the massive destruction of property and the temporary loss of jobs, many individuals will experience severe economic and personal hardships. Ginnie Mae is prepared to assist issuers holding mortgage loans in the affected areas in making their Ginnie Mae pass-throughs.

For the months of May, June and July 1999, Ginnie Mae will assist issuers with pass-throughs if the issuer has more than five percent (5%) of its Ginnie Mae-loan portfolio in the affected areas. However, Ginnie Mae should be asked to provide assistance as a "last resort". Those issuers who have large numbers of customers unable to make loan payments because of the effects of the tornadoes and who, as issuers, cannot obtain private market financing to cover the delinquencies, will be eligible for Ginnie Mae assistance under the following conditions:

- A. The issuer will compute the allowable eligible assistance in the following fashion:
 1. The issuer will compute its advances needed for the May, June and July 1999 pass-throughs respectively, for loans in the eligible locations ("Eligible Loans"). Eligible locations are those contained in the disaster areas declared by President Clinton. Loans on homes outside the eligible areas in the declared disaster areas where the homeowners' employment and income have been significantly reduced due directly to the tornadoes are also Eligible Loans;
 2. The issuer will subtract the January advances that the issuer made with respect to the Eligible Loans. Ginnie Mae considers the January advances to be the base level of advances not related to the disaster and therefore not eligible for assistance under this announcement; and
 3. The balance will be eligible for Ginnie Mae advance assistance ("Eligible Advances").

- B. For each month that assistance is requested, the issuer will sign and submit the attached Request for Disaster Assistance ("Request") and Supervisory Agreement (two copies) to Ginnie Mae at least three business days prior to the month for which assistance is requested;
- C. Ginnie Mae will review the Request and, if appropriate, will execute the Supervisory Agreements and return one copy to the issuer;
- D. Under the Supervisory Agreement, the issuer will be considered in default under its Ginnie Mae Guaranty/Contractual obligations. However, Ginnie Mae will forbear from exercising its right to extinguish the issuer's rights and allow the issuer to remedy its default by repaying the advances to Ginnie Mae within 90 days of the date of Ginnie Mae's payment of the Eligible Advance together with interest computed at Ginnie Mae's current monthly borrowing rate from Treasury for the month of the advance, and by not allowing any other event of default to occur. The attached Supervisory Agreement obligates issuers to repay all Eligible Advances with interest;
- E. Ginnie Mae will wire Eligible Advances directly into the issuer's Principal and Interest custodial account(s) on May 17, June 15 and July 15, 1999, as appropriate, to assure that the issuer can properly cover checks, ACH payments or wire transfers to investors on Ginnie Mae I pass-through dates;
- F. A similar procedure will be followed for Ginnie Mae II pass-throughs with issuers receiving wire transfers on May 20, June 21 and July 20, 1999.

As noted above, issuers subject to these Supervisory Agreements with Ginnie Mae will be obligated to repay Eligible Advances to Ginnie Mae on the expiration of the 90-day term, which will be in August, September and October 1999, as appropriate. While these repayment dates and the associated Supervisory Agreements are not expected to be extended, the President of Ginnie Mae may do so in his sole discretion.

Issuers will not be viewed negatively for availing themselves of this emergency assistance, so long as they comply with their Supervisory Agreements.

In addition to the Ginnie Mae advance assistance, Ginnie Mae will exclude mortgages on properties within the declared disaster areas from calculations of delinquency ratios (DQ3, DQ2 and DQP). These thresholds are used to approve commitments, assign pool numbers and allow transfers of issuer responsibility. Through Ginnie Mae's Mortgage-Backed Security Information System, the staff of Ginnie Mae and PricewaterhouseCoopers, Ginnie Mae's contractor, will work with issuers to track the affected mortgages by location.

Ginnie Mae encourages all Ginnie Mae issuers to continue their commitment to the disaster areas and provide appropriate funding and forbearance for individuals attempting to rebuild their communities.

An issuer requesting assistance pursuant to this All Participants Memorandum should submit the two copies of the Supervisory Agreement, properly executed by an authorized corporate official, the Request for Disaster Assistance form, and Wire Instructions form by express mail to:

S. Daniel Raley
Acting Vice President for Customer Service
Ginnie Mae
451 7th Street, SW, Room 6230
Washington, DC 20410

BUYOUT AUTHORITY

Also, in accordance with this All Participants Memorandum, Ginnie Mae is authorizing issuers of Ginnie Mae pools containing loans on properties damaged by the tornadoes to buy the loans out of the pools for the remaining principal balance of each loan. The loans do not have to be delinquent before they can be repurchased. The purpose of this new authority is to assist homeowners, whose homes have been directly damaged by tornadoes, avoid becoming delinquent on their loan payments which can lead to default and foreclosure.

Issuers must request written permission to buy such loans out of existing pools. The format of the request letter is attached to this memorandum. The request must be submitted to the following address:

Ginnie Mae
Acting Vice President for Customer Service
Disaster Relief
451 7th Street, SW, Room 6230
Washington, DC 20410

The request letter must specify that the property was damaged by the effects of tornadoes. The authority to buyout loans will expire six months from the issue date of this memorandum.

Ginnie Mae will allow the buyout loans to be repooled if they are modified and continue to be insured or guaranteed by FHA, VA, or RHS (refinanced loans are not restricted as to pooling since a refinanced loan is a new loan and must only meet the criteria in the Ginnie Mae Guides for eligibility). For purposes of computing the eligible age of a loan, the loan modification date must not be more than 24 months prior to the issue date of the pool. All other loan eligibility requirements in the Ginnie Mae Guides apply as stated in the Guides.

If an issuer has any question regarding the issues addressed by this memorandum, they may call their appropriate Single-Family/Manufactured Housing Account Executive on (202) 708-1535 or Multifamily Account Executive on (202) 708-2043.

Attachments

(Request for Disaster Assistance, Wire Instructions, Supervisory Form)

Agreement and Buyout Authorization

**TRANSMITTAL FORM LETTER REQUESTING
DISASTER RELIEF**

Mr. S. Daniel Raley
Acting Vice President
Office of Customer Service
Ginnie Mae
Disaster Relief
Room 6230
451 7th Street, SW
Washington, DC 20410

Dear Mr. Raley:

This is a request to purchase loans from Ginnie Mae pools where the property securing the loans has been damaged by the effects of tornadoes in Kansas and Oklahoma. I certify that the properties securing the loans on the enclosed listing have been damaged by the tornadoes, and in order to provide relief to the homeowners so that they may continue to own the home, it is necessary to repurchase the loans from the pools.

I have enclosed a listing of the FHA, VA, or RHS loans which are requested to be repurchased.

I certify that I have not knowingly or willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. Title 18 USC, sections 1001 and 1010 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Yours truly,

Signed
Title
Date

Enclosures

REQUEST FOR DISASTER ASSISTANCE

ISSUER NAME _____

ISSUER NUMBER _____

This request is submitted pursuant to the Ginnie Mae Guaranty/Contractual Agreement (under Section 15-2(b) of the GNMA II Guide) previously entered into between _____ (the "Issuer") and Ginnie Mae pursuant to All Participants Memorandum 99-16.

The Issuer hereby requests Advances for Eligible Loans (as defined in All Participants Memorandum 99-16) and calculates them as follows:

	<u>GNMA I</u>	<u>GNMA II</u>
Necessary Advance on Eligible Loans for Current Month	_____	_____
Less, Necessary Advance on Eligible Loans for month of April 1999	- _____	- _____
Eligible Advance (as defined in All Participants Memorandum 99-16)	_____	_____

The Issuer has attached to this form its wire instructions.

ATTESTATION:

The undersigned certifies that the information submitted on this temporary form is accurate and is prepared in accordance with Ginnie Mae requirements. (See All Participants Memorandum No. 99-16). Undersigned acknowledges that the information contained herein is intended to be relied upon by Ginnie Mae, and is subject to the sanctions of Title 18 USC, sections 1001 and 1010.

Date

Authorized Signature

Title

WIRE INSTRUCTIONS TO TRANSMIT FUNDS TO ISSUER FROM GINNIE MAE

	<u>GNMA I</u>	<u>GNMA II</u>
AMOUNT	\$ _____	\$ _____
BANK NAME	_____	
BANK ADDRESS	_____	
	street	

	city, state, zip code	
ABA NUMBER	_____	
FOR CREDIT TO (ISSUER NAME)	_____	
ACCOUNT NUMBER	_____	
PURPOSE	ADVANCE REQUEST	

PLEASE SUBMIT THIS WIRE INSTRUCTIONS FORM, REQUEST FOR DISASTER ASSISTANCE FORM AND TWO (2) COPIES OF THE SUPERVISORY AGREEMENT EXECUTED BY AUTHORIZED CORPORATE OFFICIAL BY EXPRESS MAIL TO:

S. Daniel Raley
Acting Vice President
Office of Customer Service
Ginnie Mae
Room 6230
451 7th Street, SW
Washington, DC 20410

THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Instructions to Remit Funds to Ginnie Mae Via Electronic Funds Transfer.

To remit funds to Ginnie Mae's Treasury Account Via Electronic Funds Wire transfer, please use the following format:
(NOTE: This is not a commercial bank)

RECEIVING INSTITUTION

ABA NO: 021030004\$X,XXX.XX
TREAS NYC/CTR/
BNF=/AC-8235 OBI=
(Use this & next line for details
supporting remittance)

If you have any questions concerning instructions for wire transferring funds to Ginnie Mae, please call Mr. Victor Correa of the Treasurer's Office at telephone number (202) 708-2257.

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and entered into as of _____, by and between _____ (hereinafter referred to as "Issuer") and the Government National Mortgage Association, a body corporate organized and existing under the laws of the United States within the Department of Housing and Urban Development (hereinafter referred to as "Ginnie Mae"):

WHEREAS, Issuer has been the issuer of Mortgage-Backed Securities based on mortgage pools listed on the enclosed Exhibit A (the "Mortgage Pools"), guaranteed by Ginnie Mae pursuant to the Schedule of Subscribers and Ginnie Mae Guaranty/Contractual Agreement ("Guaranty/Contractual Agreement") entered into between Ginnie Mae and Issuer, such Guaranty/Contractual Agreement being incorporated herein by reference; and

WHEREAS, during the month of May 1999, tornadoes in Kansas and Oklahoma caused severe destruction of property and economic disruption; and

WHEREAS, as a direct result of the effects of tornadoes, Issuer is unable to make the full payments due to the holders of the Mortgage-Backed Securities backed by the Mortgage Pools and has requested that Ginnie Mae advance certain payments to security holders ("Payments") in accordance with the terms of the All Participants Memorandum No. 99-16 ("Memorandum").

NOW THEREFORE, the parties hereto mutually undertake and agree as follows:

1. Issuer has submitted a written request to Ginnie Mae to advance Payments for the month of _____, in accordance with the instructions set forth in the All Participants Memorandum. Upon receipt of such request, and in accordance with the Memorandum, Ginnie Mae has wire transferred funds directly into Issuer's Principal and Interest Custodial Account to assure full and timely Payment to security holders. Ginnie Mae has made the Payment in order to comply with its guarantee obligations to the security holders.
2. Issuer acknowledges that failure to make the full payment due to the security holders is an event of default under its Guaranty/Contractual Agreement with Ginnie Mae and that upon such failure Ginnie Mae is entitled to complete the extinguishment of any redemption, equitable, legal or other right, title and interest of Issuer in the Mortgage Pools (hereinafter referred to as "Termination of Issuer Status"). The parties have conferred in an effort to remedy and correct the default pursuant to the authority of 12 U.S.C. § 1721 *et seq.*, Ginnie Mae Guaranty/Contractual Agreement, and Section 15-3a(1) of the GNMA Mortgage-Backed Securities Guide 5500.2 ("Guide II").
3. Ginnie Mae has advanced the Payment on behalf of Issuer on the following terms and conditions. The Payment shall be repaid in full to Ginnie Mae, together with interest on the Payment at the annual rate of _____, within ninety (90) days of the date of Ginnie Mae's advance of the Payment. Repayment shall be made by wire transfer to Ginnie Mae in accordance with the wire instructions attached hereto. Timely repayment of the Payment plus accrued interest in accordance with the terms set forth herein shall be deemed a cure of the default under the Issuer's Guaranty/Contractual Agreement with Ginnie Mae. Failure to repay the Payment and accrued interest in accordance with the terms set forth herein shall constitute an event of default under this Supervisory Agreement and a further default under the Guaranty/Contractual Agreement between Issuer and Ginnie Mae, and shall constitute grounds for Ginnie Mae to complete the Termination of Issuer Status.

4. For the term of this Agreement, Issuer shall continue as a Ginnie Mae issuer in accordance with the Ginnie Mae Mortgage-Backed Securities Guide, 5500.1 ("Guide I") and 5500.2 ("Guide II") (hereinafter collectively referred to as the "Guide") and the Guaranty/Contractual Agreement, including but not limited to the responsibilities referenced below. At any time until this Agreement expires pursuant to Paragraph 7, Ginnie Mae may complete the Termination of Issuer Status if Issuer fails to perform properly its responsibilities pursuant to the Guides, Guaranty/Contractual Agreement, except as provided herein. Upon expiration of this Agreement, if (i) Issuer has fully complied with the terms of this Agreement, the Guides and the Guaranty/Contractual Agreement between Issuer and Ginnie Mae, and (ii) Ginnie Mae has not effected a Termination of Issuer Status, the Issuer shall be deemed restored to the status Issuer held immediately prior to the actions giving rise to this Agreement.
5. To the extent that the terms and conditions of the Guide, Guaranty/Contractual Agreement conflict with or are inconsistent with the terms of this Agreement, the terms and conditions of this Agreement shall govern.
6. Issuer shall not assign or delegate any of its rights or responsibilities under this Agreement without the prior consent of Ginnie Mae.
7. This Agreement shall continue in effect until the earlier to occur of one of the following: (a) Issuer has repaid the Payment to Ginnie Mae; or (b) any date specified by Ginnie Mae at its convenience after delivery of written notice to Issuer from Ginnie Mae that this Agreement shall be terminated and that Ginnie Mae will complete the Termination of Issuer Status. However, if this Agreement terminates pursuant to (b) above, Issuer's obligation to repay the Payment to Ginnie Mae shall survive until such obligation is satisfied in full.
8. Issuer shall meet the requirements of Section 2-7 of the Ginnie Mae I Guide and Section 3-1(g) of the Ginnie Mae II Guide with regard to fidelity bond and errors and omissions insurance coverage.

9. Nothing in this Agreement shall constitute a waiver or release by Ginnie Mae of any claim or any right to proceed or to recover any damages from Issuer relating to any existing or future facts or circumstances.
10. Issuer agrees to execute all documents and undertake all actions reasonably necessary to effect the intent and terms of this Agreement.
11. This Agreement may be modified or amended only by written agreement of the parties hereto.

GOVERNMENT NATIONAL MORTGAGE
ASSOCIATION

By: _____

Name: _____

Title: _____

Date: _____

(Issuer)

By: _____

Name: _____

Title: _____

Date: _____



THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

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

LOAN BUYOUT REQUEST

The following loans are damaged by tornadoes in Kansas and Oklahoma and meet the criteria specified in the All Participants Memorandum #99-16, and will be bought out at par if approved by Ginnie Mae.

<u>ISSUER'S</u> <u>GNMA ID NO.</u>	<u>POOL</u> <u>NUMBER</u>	<u>FHA-VA-RHS</u> <u>CASE-NO.</u>	<u>INTEREST</u> <u>RATE</u>	<u>DATE OF</u> <u>FIRST</u> <u>PAYMENT</u>	<u>ORIGINAL</u> <u>PRINCIPAL</u> <u>PAYMENT</u>	<u>UNPAID LOAN</u> <u>PRINCIPAL</u> <u>BALANCE</u>
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PLEASE SEND A SELF-ADDRESSED STAMPED ENVELOPE FOR AN EXPEDITED RESPONSE