



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

October 3, 2001

01-25

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Soldiers' and Sailors' Civil Relief Act

Pursuant to the National Emergencies Act (50 USC 1601 et seq.) and section 301 of title 3, USC, and in furtherance of the proclamation of September 14, 2001, Declaration of National Emergency by Reason of Certain Terrorist Attacks, President Bush ordered Ready Reserves of the armed forces to active duty, and delegated certain authorities to the Secretary of Defense and the Secretary of Transportation (see the attached Executive Order).

Effective immediately, Ginnie Mae implements its authority to reimburse issuers for interest shortfalls on loans made to persons who later enter military service, and to reservists and members of the National Guard called to active duty.

Provisions of the Soldiers' and Sailors' Civil Relief Act ("SSCRA") permit a maximum interest rate of six percent on the mortgage debt incurred before entry into military service. Issuers must lower the interest rate to six percent during the borrower's active duty. Upon the release of the borrower from active duty, the mortgage interest rate returns to the original contract rate, or the current rate, where applicable.

To receive a reimbursement of interest, the issuer must demonstrate that the mortgagor meets the criteria for interest forgiveness in accordance with the SSCRA and provide the necessary documentation. The issuer must receive a written request from either the mortgagor, or from someone with authority to make the request on the service member's behalf (e.g., spouse or attorney), stating that the mortgagor has entered into military service, or has been called to active duty from the reserves or National Guard, and is entitled to relief under the SSCRA. The mortgage must be the contractual obligation of the service member as mortgagor or co-mortgagor.

Issuers must continue to account for each loan subject to SSCRA on the Issuer's Monthly Accounting Report, form HUD 11710-A. The procedures for reporting payments on eligible loans are in Appendix XI-7 of Ginnie Mae's Mortgage-Backed Securities Guide 5500.3 ("Guide"). Submissions for request of reimbursement are to be submitted only on a quarterly basis as noted in Section 34-3(C) of the Guide. Eligibility requirements, monthly pool accounting, submission of

requests and reimbursements are outlined in Chapter 34 of the Guide.

Persons in the military service eligible for relief include all members of the Army, Navy, Marine Corps, Air Force, Coast Guard, and Public Health Officers detailed to the Army or Navy. Debts incurred by members of the Armed Forces reserves are considered debts incurred prior to entry into military service, and are eligible for rate reduction when a reservist or National Guard member is ordered to active military service.

If, under FHA Mortgagee Letter 2001-22, a lender permits mortgagors to postpone principal payments, the lender may, with Ginnie Mae's consent, buy the loans out of pools after it makes three principal payments on behalf of the mortgagor. The issuer remains responsible for making the full payment due under the security to the security holder regardless of whether the payment is received from the borrower.

If you have any questions regarding this memorandum, or if you need assistance with the SSCRA program, please contact the Ginnie Mae Hotline at 1-888-GINNIE4, Option 4.

Attachments

- (1) Executive Order
- (2) Chapter 34, Ginnie Mae Mortgage-Backed Securities Guide 5500.3