



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

November 15, 2004

04-17

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Modified Procedure for Notifying Issuers of Forbearance

This memorandum announces Ginnie Mae's new procedures for notifying issuers of forbearance for loans in areas declared disasters by the President of the United States. In an effort to minimize the economic hardship for those persons affected in areas declared a disaster, Ginnie Mae encourages all single-family, manufactured housing, and multifamily Ginnie Mae issuers to provide forbearance to mortgagors. Ginnie Mae realizes that with the massive destruction of property and the temporary loss of jobs, many individuals experience severe economic and personal hardships. In certain instances, Ginnie Mae will assist issuers in their efforts to offer forbearance to mortgagors with pass-through payments.

Effective with the date of this letter, Ginnie Mae will no longer issue a separate All Participants Memorandum ("APM") for each disaster declaration. Instead, when the President of the United States declares a disaster, issuers may contact the Federal Emergency Management Agency ("FEMA") to obtain the specific affected counties and corresponding declaration dates. This information can be obtained from the FEMA website or by contacting the FEMA office in the affected areas. The FEMA website is located at <http://www.fema.gov/disasters>.

Ginnie Mae will assist issuers with pass-through payments 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 mortgagors unable to make loan payments because of the disaster, and who, as issuers, cannot obtain private market financing to cover the delinquencies, will be eligible for Ginnie Mae assistance. Issuers must request assistance within one year from the date the President declares an area a disaster. Such disaster relief will be available for a period not to exceed 90 days.

For each eligible month for which assistance is requested, the issuer must sign and submit, at least three business days prior to that month's remittance or ACH date the following:

- (i) A single copy of a Request for Disaster Assistance (Appendix [XI-1](#)) ("the Request");
- (ii) Two copies of a Supervisory Agreement (Appendix [XI-2](#)), properly executed by an authorized corporate official; and
- (iii) A single copy of Wire Instructions to Transmit Funds to Issuer from Ginnie Mae (Appendix [XI-3](#)).

Once received, Ginnie Mae will review the Request and if approved, will execute the Supervisory Agreements and return one copy to the issuer. Ginnie Mae will wire Eligible Advances directly into the issuer's Principal and Interest custodial account(s) on the day prior to the ACH date. These deposits will assure that the issuer can timely and accurately remit payments to security holders.

Eligible locations are those contained in the disaster areas declared by the President of the United States. Locations outside the eligible areas in the declared disaster areas are also eligible if the disaster has directly and significantly reduced the homeowners' employment opportunities and income.

Issuers subject to the Supervisory Agreements with Ginnie Mae will be obligated to repay Eligible Advances to Ginnie Mae on the expiration of the 90-day term. Ginnie Mae does not intend to extend the Supervisory Agreements, but may do so at the sole discretion of the President of Ginnie Mae.

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 Advances, together with interest computed at Ginnie Mae's current monthly borrowing rate from Treasury for the month(s) of the advance, and by not allowing any other event of default to occur. The Supervisory Agreement obligates the issuers to repay all Eligible Advances with interest.

While technically in default as a result of the advances provided by Ginnie Mae, this status will not affect an issuer's ability to obtain commitments, issue securities, or transfer issuer responsibility, so long as the issuer complies with the Supervisory Agreement. The issuer is also required to comply with the normal eligibility requirements for obtaining commitment authority, issuing securities, and transferring issuer responsibility, as specified in the Ginnie Mae Guide.

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 Ginnie Mae's MBS Administration contractor will work with issuers to track the affected mortgages by location.

Ginnie Mae encourages all 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 with advances 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:

Vice President
Office of Mortgage-Backed Securities
Ginnie Mae
Disaster Declaration number (found on the FEMA website)
451 7th Street, SW, Room B-133
Washington, DC 20410

If an issuer has any questions regarding the issues addressed by this APM, they may call the Office of Mortgage-Backed Securities on (202) 708-1535.