



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

August 31, 2000

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MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President, T

SUBJECT: Expansion of Ginnie Mae's Targeted Lending
Initiative to Include Rural Empowerment Zones
and Rural Enterprise Communities

In support of President Clinton's initiative to bring new life to rural communities, Ginnie Mae has expanded its Targeted Lending Initiative to include Rural Empowerment Zones and Rural Enterprise Communities. This initiative will make all rural Empowerment Zones and Rural Enterprise Communities eligible for the Ginnie Mae Targeted Lending Initiative. The expansion of Ginnie Mae's Targeted Lending Initiative will allow lenders to offer more competitive interest rates on mortgages for properties located in the targeted areas. A listing of the targeted areas and the census tracts within them is included. A downloadable file is also available on the Ginnie Mae website at www.ginniemae.gov.

Ginnie Mae initially implemented its "Target Lending Initiative" in 1996 to help raise homeownership levels in central city areas (All Participants Memorandum 96-21, dated September 23, 1996). The Targeted Lending Initiative was expanded in September 1999 to include Indians Lands, New Urban Empowerment Zones, and New Urban Enterprise Communities. (All Participants Memorandum 99-29, dated September 20, 1999). This effort, provides financial incentives for lenders to increase loan volumes in traditionally underserved areas. By increasing lender activity in these targeted areas, Ginnie Mae provides families and households with increased opportunities to achieve homeownership.

Under the Targeted Lending Initiative, Ginnie Mae reduces its guaranty fee by up to 50% when approved issuers originate (or purchase) eligible home mortgage loans in designated communities and place them in Ginnie Mae pools. Issuers may combine these newly eligible loans with other targeted lending single family loans, other than manufactured housing loans, to meet the previously established targeted lending thresholds. The Ginnie

Mae guaranty fee is reduced by one to three basis points on a pool, depending on the percentage of unpaid principal balance of eligible loans in the pool at time of issuance. Eligible loans are Rural Housing Services ("RHS"), Department of Veteran Affairs ("VA"), Federal Housing Administration ("FHA") (including Section 248) loans eligible for Ginnie Mae's programs, and HUD Section 184 loans.

All Ginnie Mae single family issuers may participate in the Targeted Lending Initiative. Once a Ginnie Mae issuer has originated or purchased eligible loans, the issuer merely submits the pool package through Ginnie Mae's GinnieNET delivery system. Issuers will receive a confirmation from Ginnie Mae of their reduced guarantee fee, as applicable.

Attachment