

## CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

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### 34-1: OVERVIEW OF CHAPTER

From time to time, Ginnie Mae may offer to assist Issuers who are responsible for pooled mortgage loans on property located in areas that have been declared disaster areas by the President of the United States. This assistance takes three forms: (i) aiding Issuers in covering their advance obligations while forbearing from declaring them in default, (ii) deleting affected loans from calculations of delinquency ratios, and (iii) authorizing Issuers to purchase affected loans from the related pools.

In addition, Ginnie Mae may also provide assistance to Issuers on behalf of certain military servicemembers. Under the Servicemembers' Civil Relief Act of 1940 (SCRA), Issuers may be forbidden from collecting interest in excess of 6% per annum on certain mortgages while the borrowers are on active military duty. Ginnie Mae may reimburse Issuers for such interest shortfalls under the terms defined below.

This chapter describes the terms and conditions for which disaster and interest shortfall assistance will be made available to affected Issuers..

### 34-2: DISASTER ASSISTANCE

When the President declares a disaster, Issuers may contact the Federal Emergency Management Agency ("FEMA") to obtain information on the related counties and their corresponding declaration dates. This information may be obtained directly from the FEMA website at [www.fema.gov/disasters](http://www.fema.gov/disasters) or by contacting their local FEMA office. Eligible locations are those specified in the disaster areas declared by the President. Locations outside those areas may also be eligible if the disaster has directly and significantly reduced homeowners' employment opportunities and incomes.

Ginnie Mae will assist Issuers with pass-through payments to investors if the Issuer has more than five percent (5%) of its Ginnie Mae loan portfolio in the affected areas.

Those Issuers who have large numbers of mortgagors unable to make loan payments because of the disaster and who, as Issuers, are unable to obtain private market financing to cover the delinquencies, may be eligible for Ginnie Mae assistance. Such requests for assistance shall only be made by an Issuer as a "last resort". Issuers must request assistance within one year of the date of the disaster declaration, and such disaster relief, if granted by Ginnie Mae, shall only be available for a period not to exceed 90 calendar days.

#### **(A) *Ginnie Mae Advances and Forbearance***

##### **(1) Request Procedures**

The Issuer must request assistance in accordance

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with the following procedures:

- (a) For each eligible month for which assistance is requested, the Issuer will sign and submit, at least three business days prior to that month's remittance date or ACH date, the following:
  - (i) a single copy of a Request for Disaster Assistance (Appendix [XI-1](#)) (a 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](#)).

The Issuer must send these documents by express mail to the Senior Vice President of the Office of Mortgage Backed Securities, Attention: Declared Disaster (see [Addresses](#)).

These documents are applicable under both the Ginnie Mae I MBS Program and the Ginnie Mae II MBS Program.

- (b) If Ginnie Mae approves the Request, it will execute the Supervisory Agreements and return one copy to the Issuer. Ginnie Mae will wire the requested advances directly into the Issuer's P&I custodial accounts at times that will enable the Issuer to make payments to security holders at the times specified in Chapter [15](#).

### (2) Computation of Advances

The Issuer will compute the amount of the advance required from Ginnie Mae for each eligible month as follows:

- (a) Determine the total amount of advances that the Issuer made with respect to the eligible loans in the month (the base month) immediately prior to the initial month in which assistance is made available in a disaster APM. This sum is considered unrelated to the disaster and therefore not eligible for assistance under this Chapter [34](#). It is treated as the "base month amount" of advances.
- (b) Estimate the advances that will be required for

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the eligible loans in the eligible month that is the subject of the request.

- (c) Subtract (2) from (3). The balance is the amount of Ginnie Mae advance assistance (eligible assistance) that the Issuer will be eligible for in the eligible month that is the subject of the request.

An Issuer that receives an eligible advance from Ginnie Mae will be obligated to repay it to Ginnie Mae within 90 days after Ginnie Mae wires the funds into the Issuer's P&I custodial accounts, with interest computed at the applicable interest rate, which will be set forth in the applicable Supervisory Agreement. The applicable interest rate is the rate that Ginnie Mae pays for its monthly borrowing from the Treasury Department during the month of the related eligible advance. Issuers should use Instructions to Remit Funds to Ginnie Mae Via Electronic Funds Transfer (Appendix XI-4) to make the required repayments. Although the specified repayment dates and the associated Supervisory Agreements are not expected to be extended, they may be extended in the sole discretion of the President of Ginnie Mae.

### **(B) Default Status**

Under the applicable Supervisory Agreement, the Issuer will be considered in default under the governing Guaranty Agreement or Contractual Agreement. Ginnie Mae, however, will forbear from exercising its right to extinguish the Issuer's rights and will allow the Issuer to remedy its default by repaying each eligible advance to Ginnie Mae, together with required interest, within 90 days of the date of Ginnie Mae's payment of that eligible advance. Ginnie Mae will not forbear from exercising its rights in the event of a default by the Issuer other than a default due to the Issuer's request for eligible advances.

Although an Issuer will be in default as a result of its request for eligible advances pursuant to this chapter, the Issuer's ability to obtain commitments, issue securities, or transfer Issuer responsibility will not be affected so long as it complies with the Supervisory Agreement and all other applicable Ginnie Mae I and Ginnie Mae II MBS Program requirements.

### **(C) Exceptions to Delinquency Ratio Calculation Requirements**

Ginnie Mae will also exclude mortgages on properties in eligible locations from calculations of delinquency ratios (DQ3, DQ2 and DQP). These thresholds are used, pursuant to Section 18-3, in approving commitments, assigning pool numbers, and allowing transfers of Issuer responsibility. Using Ginnie Mae's Mortgage-Backed Security Information

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System, the staff of Ginnie Mae and its contractor, will cooperate with Issuers to track the affected mortgages by eligible location.

### ***(D) Loan Buyout Authority***

Ginnie Mae, pursuant to a disaster APM, may also authorize Issuers with eligible loans to buy the loans out of the pools for the remaining principal balance of each loan, less any unreimbursed advances previously made by the Issuer. The loans do not have to be delinquent before they can be repurchased.

Issuers must receive Ginnie Mae's written permission to buyout loans. To request such permission, an Issuer must use the Transmittal Form Letter Requesting Buyout Disaster Relief (Appendix XI-5). This letter includes the Issuer's certification that the property was damaged by the effects of the declared disaster and must refer to the applicable disaster APM by its assigned number.

Ginnie Mae will allow such loans, once bought out of their pools, to be re-pooled if they are modified and continue to be insured or guaranteed by FHA, VA, RD, or PIH (refinanced loans are not restricted as to pooling since a refinanced loan is a new loan and must only meet the eligibility loan criteria in Section 9-2).

The authority to buy loans out will expire on the date specified in the disaster APM.

### **34-3: SCRA INTEREST SHORTFALL ASSISTANCE**

SCRA provides that no obligation or liability bearing interest at a rate in excess of 6% a year incurred by a borrower before the borrower enters active military duty shall, during the borrower's period of active military duty, bear interest at a rate in excess of 6% a year. Once the borrower's period of active military duty is over, the Issuer is permitted thereafter to collect the rate of interest provided for in the mortgage.

Issuers are reminded that the difference between the payment due on an eligible loan at the original interest rate and the payment due at the rate permitted by SCRA is not considered an advance by the Issuer and, therefore, cannot be funded by excess funds, as defined in Section 15-5(A), or by any other funds in the related P&I custodial account. Also, SCRA does not permit Issuers to collect these payment shortfalls from the borrower at a later date. The shortfall must be funded each month entirely out of the Issuer's corporate funds and deposited (a) in the case of Ginnie Mae I MBS, into the related P&I custodial account no later than the day of the month on which payment to security holders is due under Section 15-2(A), or (b) in the case of Ginnie Mae II MBS, deposited into the central P&I custodial account no later than

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the day of the month on which the deposit is due under Section 15-3(A).

In order to receive reimbursement for an interest shortfall attributable to SCRA, the Issuer must demonstrate that the mortgage meets the eligibility criteria for interest shortfall assistance set forth in SCRA and provide the documentation described below.

### **(A) Eligible Mortgages**

In order for an Issuer to qualify for interest shortfall protection in connection with a mortgage:

- (1) The mortgage must have been obtained prior to the mortgagor's entry into active military service.
- (2) The Issuer must receive a written request for relief from the mortgagor or by someone with authority to make the request on the borrower's behalf, for example, the mortgagor's spouse or attorney. The mortgage must represent a contractual obligation of the mortgagor, either as sole mortgagor or co-obligor.
- (3) The Issuer must determine whether the mortgage satisfies the requirements of SCRA and, if it does, the amount of the interest shortfall.
- (4) The Issuer must verify and document the date on which the mortgagor entered active military service and the date on which the mortgagor undertook the mortgage obligation.
- (5) The Issuer must submit to Ginnie Mae's agent (see Addresses) certain loan eligibility information for each mortgage, both in hard copy and in electronic form, and Ginnie Mae must approve this information before the Issuer submits its request for reimbursement. The Issuer must submit the loan eligibility information, which is set forth in Appendix XI-6.
- (6) Prior to January 1, 2003, all loan eligibility information and claims for interest reimbursement that are required to be submitted electronically must be submitted via Ginnie Mae's Issuer Information System (IIS). After December 31, 2002, all loan eligibility information and claims for interest reimbursement that are required to be submitted electronically must be generated and transmitted to Ginnie Mae either using Ginnie Mae's new Web-based Issuer Information System (Web IIS) or by using alternative systems to generate the information.

If an alternative system is used to generate the information, the information must be prepared in the

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prescribed data formats included in Appendix [XI-9](#). Furthermore, the data must be transmitted to Ginnie Mae via the Ginnie Mae Bulletin Board System (BBS) using HyperTerminal or the Web IIS file upload function.

The Web IIS application is designed to capture the required SCRA loan eligibility information and will enable the Issuer to generate both the hard copy and electronic reports that are required to be submitted.

Issuers who plan to use the Web IIS to perform the above functions must obtain a valid user ID and password for each user of the system. To obtain a user ID and password, go to the Ginnie Mae homepage, [www.ginniemae.gov](http://www.ginniemae.gov). From the Ginnie Mae home page, click on the link titled Ginnie Mae e-Access and follow the instructions to obtain a user ID and password.

Issuers are reminded that the Loan Note Interest Rate (contract note rate) reported on the SCRA Eligibility Requests and Reimbursement Request must be consistent with the note rate reported on the Quarterly Loan Level Reporting file.

The instructions in Appendix [XI-9](#) are only applicable to Issuers who will be using alternative systems to prepare the electronic file.

- (7) For a mortgagor who has served multiple periods of active military duty, the Issuer must submit loan eligibility information for each such period.
- (8) The Issuer must maintain the request and other appropriate records in the mortgage loan file, and retain copies of each in the pool file, for review by Ginnie Mae or its agent.

If Ginnie Mae approves the eligibility of a loan, the Issuer will receive written notice from Ginnie Mae that the loan is eligible for the reimbursement.

### ***(B) Loan Buyout Authority***

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.

### ***(C) Monthly Pool Accounting***

The Issuer must continue to account for each loan subject to SCRA on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix [VI-4](#)). The procedures for reporting payments on eligible loans are set forth in Appendix [XI-7](#).

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### ***(D) Submission of Request for Reimbursement***

The Issuer may submit requests for reimbursement only on a quarterly basis. Requests are to be submitted by August 10, November 10, February 10, and May 10, which are the months following the months of the quarterly loan level cycle. The Issuer must submit to Ginnie Mae's agent (see [Addresses](#)) certain reimbursement information for each approved eligibility request, in both hard copy and electronic form. The Issuer must submit the hard copy SCRA quarterly reimbursement request information set forth in Appendix [XI-8](#).

See Section 34-3(A)(6) for instructions on generating and transmitting quarterly interest reimbursement request information.

If the hard copy request is not identical to the electronic transmission (the signatures may differ), reimbursement will not be made until the Issuer has corrected their submission.

### ***(E) Reimbursement***

When reimbursement is appropriate, the CPTA will make suitable arrangements for reimbursing the Issuer.