



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

GOVERNMENT NATIONAL  
MORTGAGE ASSOCIATION

February 1, 2006

APM 06-01

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Fidelity Bond Insurance Cap for Eligible Issuers

Ginnie Mae is pleased to announce changes to its Mortgage-Backed Securities Guide to clarify fidelity bond requirements for issuers participating in either its single-family or multifamily mortgage-backed securities programs. Fidelity bond coverage may be capped for issuers that provide evidence that their fidelity insurance has been capped by the Government-Sponsored Enterprises, subject to an evaluation of several factors that may include, but are not limited to, the following:

- Reportable conditions that have been identified by an issuer's Independent Public Accountant under standards established by the American Institute of Certified Public Accountants;
- Adjusted net worth relative to Ginnie Mae's requirements;
- Delinquency ratios relative to Ginnie Mae applicable thresholds (see Chapter 18-3(C)(1) of the Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev.1); and
- Material compliance issues with Ginnie Mae, the Government-Sponsored Enterprises, or federal regulators.

Issuers are required to submit a written justification to Ginnie Mae's Office of Mortgage-Backed Securities to be considered for a cap on their fidelity bond coverage. If you have any questions regarding this announcement, please contact your account executive at (202) 708-1535.