



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

August 11, 2006

APM 06-05

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Ginnie Mae to Securitizate USDA Rural Development Multifamily Housing Program Section 538 Guaranteed Loans That Have Been Used for the Revitalization of Rural Development Section 515 Loan Portfolio (Section 538/515 loans)

Ginnie Mae is pleased to announce the eligibility of the U.S. Department of Agriculture's Rural Development Multifamily Housing Program ("Rural Development" or "RD") Section 538 guaranteed loans, that are used for the revitalization of RD Section 515 loans, as collateral for backing Ginnie Mae multifamily securities. This product will complement Ginnie Mae's existing multifamily securitization products and will enhance the availability of multifamily housing for low- and moderate-income families in rural areas.

Specific program requirements for the Rural Development Section 538 loan program may be found in the Rural Housing Service Handbook, HB-1-3565, *Guaranteed Rural Rental Housing Program Origination and Servicing*, at www.rurdev.usda.gov/regs/hblist.html#bw6.

Effective for securities with a September 1, 2006 issue date and thereafter, Ginnie Mae will pool completed project loans guaranteed under Rural Development's Section 538 program that have been used to revitalize Rural Development's Section 515 loan portfolio. The designated pool type for this revitalization loan is LS, under which FHA small loans are pooled. In order to accommodate Rural Development loans in LS pools, Ginnie Mae is removing the \$1.5 million maximum loan amount for this pool type, and is now permitting loan terms of up to 40 years. In addition, the minimum pool size for LS loans will be reduced to \$100,000 from \$250,000 for the LS pool type only. All supporting documentation must be manually submitted through Ginnie Mae's Pool Processing Agent, as GinnieNET will not currently accept Section 538 loans in LS pools. At this time, FHA and RD loans must be pooled separately; they may not be commingled in the same LS pool type.

Issuers are encouraged to review updated Chapter 31, *Project Loan Pools – Special Requirements*, as well as the applicable prospectus, *Appendix IV-9, form HUD 1724*, of Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev.1, that can be accessed through Ginnie Mae’s website at www.ginniemae.gov. Questions regarding this memorandum may be addressed to your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-2043.

Attachments

[Chapter 31](#)

[Chapter 32](#)

[Appendix IV-9](#)

[HUD Form 1724](#)