



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

August 30, 2005

APM 05-15

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Forbearance for Loans in Areas Declared a Disaster by
President Bush Due to Severe Damage caused by Hurricane Katrina

In an effort to minimize the economic hardship for those persons affected by the severe storms and flooding, Ginnie Mae encourages all single-family, manufactured housing and multifamily Ginnie Mae issuers to provide forbearance to mortgagors in areas recently declared a disaster in **Alabama, Mississippi, Louisiana and Florida** by President George W. Bush. Ginnie Mae realizes that with the massive destruction of property and the temporary loss of jobs, many individuals will experience severe economic and personal hardships. Ginnie Mae is prepared to assist issuers holding mortgage loans in the affected areas in making their Ginnie Mae pass-through payments.

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 only 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, may 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 ensure that the issuer can timely and accurately remit payments to the security holders.

Eligible locations are those contained only in the disaster areas declared by the President of the United States. Locations outside the areas in the declared disaster areas may also be 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 Executive Vice President of Ginnie Mae.

Pursuant to the terms of 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: (1) 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 (2) 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, for issuing securities, and for transferring issuer responsibility, as specified in the Ginnie Mae Guide.

In addition to 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 commitment, assign pool numbers and allow transfers of issuer responsibility. Through Ginnie Mae's Mortgage-Backed Security Information System, Ginnie Mae will work with issuers to tract 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:

Senior Vice President
Office of Mortgage-Backed Securities
Ginnie Mae
Disaster Declaration number (found on FEMA
website:<http://www.fema.gov/disasters>)
451 7th Street, SW, Room B-133
Washington, DC 20410

This notice does not supersede All Participant Memorandum (APM) 04-17 dated November 15, 2004, which remains effective.

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.