



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

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

June 10, 2011

APM 11-10

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: Home Equity Conversion Mortgage (HECM) Mortgage-Backed Securities (HMBS) - Changes to the Servicing Fee Margin

Ginnie Mae rescinds APM 11-06. Ginnie Mae continues to support the securitization of HECMs for which the servicing compensation for the HECM is paid as either a flat monthly servicing fee or a portion of the mortgage interest rate.

Ginnie Mae is changing the Servicing Fee Margin for the HMBS program. Currently, Issuers must select a Servicing Fee Margin of 6-75 basis points (bps) for Participations related to HECMs for which the servicing compensation is paid as a flat monthly servicing fee, or 25-75 bps for Participations related to HECMs for which the servicing compensation (the basis point servicing fee) is paid as a portion of the mortgage interest rate. Effective for HMBS with an Issue Date on or after July 1, 2011, Issuers must select a Servicing Fee Margin of at least 36 bps and no more than 150 bps, which includes Ginnie Mae’s guaranty fee of 6 bps.

Servicing Compensation Method for HECM	Servicing Fee Margin for Participation	
	Backing HMBS issued before July 1, 2011	Backing HMBS issued on or after July 1, 2011
Flat Monthly Servicing Fee	6-75 bps	36-150 bps
Basis Point Servicing Fee	25-75 bps	

Effective for Participations backing HMBS issued on or after July 1, 2011, the spread between the HECM note rate and the rate at which the HMBS Participation accrues interest must be at least 0.36% (36 bps) but no more than 1.50% (150 bps), including the 6 bps for the Ginnie Mae guaranty fee. Participations related to the same HECM may each have different amounts for the Servicing Fee Margins.

The applicable changes to Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev. 1 (Guide) will be posted under the “What’s New” section of Ginnie Mae’s website at www.ginniemae.gov prior to June 1, 2011. These changes will include other updates to the Guide to reflect programmatic changes by FHA and other non-substantive revisions (including the addition of the HECM Saver option, updates to the definition of the Maximum Claim Amount, updates to the definition of LIBOR, and procedural changes reflecting the process of obtaining unique Ginnie Mae loan identification numbers). These changes will be officially incorporated into the Guide on July 1, 2011.

If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.