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APM 15-09

May 12, 2015

To: All Participants in Ginnie Mae Programs

From: Theodore W. Tozer, President

Subject: SCRA Relief Reimbursement Policies Update

In APM 14-13, Ginnie Mae streamlined the process for Issuers to obtain reimbursement for Servicemembers Civil Relief Act (SCRA) interest rate relief provided on eligible loans by accepting a borrower's Status Report Pursuant to Servicemembers Civil Relief Act as evidence of Military Orders. This APM updates Ginnie Mae's policies regarding the timeframes for Issuers to submit loan eligibility and reimbursement requests, revises the Reimbursement Request procedures, makes permanent the reimbursement for relief provided during the year after active duty pursuant to the Housing and Economic Recovery Act (HERA) of 2008, and prohibits reimbursement for certain relief subject to the National Mortgage Settlement.

### **Loan Eligibility Request Timeframe**

In order for an Issuer to obtain an interest rate relief reimbursement it must first receive a determination from Ginnie Mae that the relevant loan is eligible for reimbursement. The process for submitting an eligibility request is described in Appendix XI-6, Servicemembers Civil Relief Act Loan Eligibility Information, of the Mortgage-Backed Securities Guide 5500.3, Rev. 1 (MBS Guide). An Issuer must request a loan eligibility determination during the servicemember borrower's SCRA relief eligibility period in order to qualify for reimbursement. For the purposes of Ginnie Mae's reimbursement policy, the SCRA relief eligibility period encompasses a servicemember's active duty period plus an additional year, as provided for in HERA. Once an Issuer has obtained an affirmative determination from Ginnie Mae, it can begin submitting reimbursement requests on a quarterly basis as described in Appendix XI-8, Servicemembers Civil Relief Act Quarterly Reimbursement Request, of the MBS Guide.

### **Reimbursement Request Timeframe**



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In order to qualify for reimbursement an Issuer must submit all of its reimbursement requests for an eligible loan within two quarterly reimbursement request deadlines (i.e., February 10, May 10, August 10, and November 10) following the end of the month the borrower's SCRA relief eligibility period ended. For example, if the borrower's relief eligibility period ended in September, the Issuer would have until February 10 to submit all of its requests for that borrower and still be reimbursed; and if the borrower's relief eligibility period ended in November, the Issuer would have until May 10 to submit all of its reimbursement requests.

### **Revised Reimbursement Request Procedures**

Issuers must self-certify when submitting a request for reimbursement. The self-certification statement In Appendix XI-8 has been revised to the following:

*"I hereby certify that I have verified and documented that the above borrower is entitled to the interest rate forgiveness under the Servicemembers' Civil Relief Act (the Act), and I have verified that the borrower was provided the interest rate forgiveness pursuant to the Act for which reimbursement is requested. I also have verified that the interest rate forgiveness for which reimbursement is requested is not subject to the April 4, 2012 National Mortgage Settlement with the United States for SCRA violations occurring prior to the date of such settlement. By signing this statement, I hereby certify that the information contained herein and electronically transmitted as part of this request is true and accurate to the best of my knowledge and belief." Emphasis added to denote revision.*

Also, in cases where the Issuer submitted a Status Report Pursuant to Servicemembers Civil Relief Act generated by the DMDC as evidence of Military Orders, the Issuer must submit an updated Status Report in the anniversary month of the active duty start date as evidence that the borrower is still eligible for SCRA relief.

### **Effective Dates**

- The Loan Eligibility Request Timeframe policy update is effective July 1, 2015.
- The Reimbursement Request Timeframe policy update is effective for the quarterly reimbursement request submission of August 10, 2015.
- The revised Reimbursement Request procedures are effective for the quarterly reimbursement request submission of August 10, 2015.

### **HERA Year Reimbursement**

Ginnie Mae reimbursement for SCRA relief provided for during the year after a servicemember's active duty period, as provided for in HERA, was previously set to sunset on December 31, 2015. The reimbursement for relief made during that additional year is now permanent.

SCRA relief is an obligation between the Issuer and borrower as established by statute.<sup>1</sup> Ginnie Mae is authorized to provide Issuers reimbursement for relief provided pursuant to the federal statute, and does so at its own discretion.

Any relief made retroactively for loans subject to the April 4, 2012 National Mortgage Settlement with the United States for SCRA violations occurring prior to the date of such settlement is not eligible for reimbursement by Ginnie Mae.

The applicable changes to Chapter 34 and Appendices XI-6 and XI-8 have been incorporated into the MBS Guide and are effective July 1, 2015. If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Issuer & Portfolio Management directly or at 202-708-1535.

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<sup>1</sup> 50 U.S.C. app. § 527