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APM 14-08

May 29, 2014

MEMORANDUM FOR: All Participants in the Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: Prohibition on Pooling of HECM loans that provide for future draws at a fixed rate of interest; HMBS Prospectus and MBS Guide Revisions

As announced in All Participants Memorandum (APM) 14-04 dated April 1, 2014, some fixed rate HECM loans that allow borrowers to take future draws may not be included in Ginnie Mae-guaranteed Home Equity Conversion Mortgage-Backed Securities (HMBS) securities with an issue date on or after June 1, 2014.

To be eligible for pooling in an HMBS security with an issue date on or after June 1, 2014, the fixed rate HECM loan must (1) if originated with an FHA case number assigned on or after September 30, 2013, have been originated with the Single Disbursement Lump Sum payment plan, (2) if originated with an FHA case number assigned before September 30, 2013, have been originated as a closed-end loan and be fully drawn prior to the pool issue date, or (3) be related to a Participation that is in a pool backing an HMBS security with an issue date on or before May 1, 2014. Additional details about this pooling parameter are incorporated into the corresponding revisions to Chapter 35 of the Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev. 1 (MBS Guide). As a reminder, pursuant to Section 35-6(M) of the MBS Guide, failure to comply with this pooling parameter will make the HECM loan a defective mortgage, which will require the Issuer to purchase the HECM loan and all related Participations out of the HMBS pools.

Ginnie Mae has revised the HMBS prospectus and made corresponding revisions to Chapter 35 of the MBS Guide to address this pooling parameter. The prospectus and MBS Guide changes become effective for all HMBS securities with an issue date on or after June 1, 2014. Templates of the updated prospectus documents can be found in the following appendices to the MBS Guide:



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451 Seventh Street SW, B-133
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- Appendix IV-29: Base Prospectus Ginnie Mae-Guaranteed Home Equity Conversion MBS (Issuable In Series)
- Appendix IV-30: Prospectus Supplement -- Ginnie Mae II Home Equity Conversion MBS (Adjustable Rate)
- Appendix IV-31: Prospectus Supplement -- Ginnie Mae II Home Equity Conversion MBS (Fixed Rate)

Please direct any questions you may have to your Ginnie Mae Account Executive in the Office of Issuer and Portfolio Management at (202) 708-1535.