



550 12th Street, SW, Third Floor
Washington, DC 20024
(202) 708-1535

APM 15-22

December 30, 2015

To: All Participants in Ginnie Mae Programs

From: Theodore W. Tozer, President

Subject: Discontinuing Reviews of Collateral Modifications of Multifamily and Healthcare Loans Backing Ginnie Mae MBS in REMICs

Ginnie Mae is notifying multifamily and healthcare mortgage-backed securities (MBS) Issuers that it will no longer conduct independent reviews of collateral modifications of multifamily and healthcare loans in Ginnie Mae MBS that back Ginnie Mae-guaranteed Real Estate Mortgage Investment Conduits (REMICs). For purposes of this APM, healthcare loans do not include FHA Section 242 hospital loans, which remain subject to the requirements of Multiclass Participants Memorandum (MPM) 11-04. This notice is effective immediately.

Prior to the issuance of this APM, Ginnie Mae reviewed most collateral modifications to Federal Housing Administration (FHA) and USDA Rural Development (RD) insured or guaranteed multifamily and healthcare loans that collateralize Ginnie Mae MBS held by REMICs. Collateral modifications include, but are not limited to, partial releases of secured property and the addition of real property as mortgage collateral, including modifications necessitated by the origination of FHA Section 241(a) loans (241 loans). Section 241(a) of the National Housing Act authorizes supplemental loans to finance repairs, additions, and improvements to multifamily projects and healthcare facilities insured by FHA. 241 loans are subordinated to existing first lien FHA-insured loans. Some 241 loans require collateral modification of the first-lien loan documents to allow expansion of the existing site to accommodate new construction.

Ginnie Mae requested from the Internal Revenue Service (IRS) clarification of the tax consequences of collateral modifications to loans that collateralize Ginnie Mae MBS pass-thru certificates held by REMICs guaranteed by Ginnie Mae. IRS recently provided Ginnie Mae such clarification in a general information letter. Based on the IRS' clarification, Ginnie Mae will no longer review collateral modifications.

Issuers must ensure that all collateral modifications of existing loans comply with all regulations and other requirements of the loan insuring or guarantying agency, and of Ginnie Mae, including, but not limited to, those barring changes in the amount or



Mailing Address
451 Seventh Street SW, B-133
Washington, DC 20410

duration of loan payments. Multifamily and healthcare MBS Issuers also are reminded that loans backing MBS to be placed in REMICs or sold with that expectation must be eligible for REMIC pooling, including the requirement that the loan be principally secured by real property, in accordance with IRS regulations.

If you have any questions regarding this announcement, please contact your Account Executive directly or at (202) 708-1535.