# CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

## 34-1: OVERVIEW OF CHAPTER

From time to time, Ginnie Mae may offer special assistance to Issuers in connection with initiatives by the President of the United States, the Congress, or Federal agencies.

This chapter describes the special assistance programs offered by Ginnie Mae and the terms and conditions under which such programs are made available to eligible Issuers.

## 34-2: DISASTER ASSISTANCE PROGRAMS

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act), the President has the authority to declare a major disaster for any area that has been affected by damage of sufficient severity and magnitude to warrant major disaster assistance. When the President declares a major disaster, Ginnie Mae may, at its sole discretion, extend to Issuers one or more of the Disaster Assistance Programs identified in this Section 34-2. Ginnie Mae will announce through an All Participants Memorandum (APM) if Disaster Assistance Programs will be made available for a given major disaster as well as the expiration date for each program. These disaster assistance programs are not available until authorized by a Disaster APM.

### (A) DEFINITIONS

For purposes of the Disaster Assistance Programs identified in this chapter, the following definitions shall apply.

"Eligible Loan" means any single-family forward mortgage loan for which (1) the property securing the loan is located within a Designated Disaster Area, or (2) for which the borrower is experiencing economic hardship related to the designated disaster, as established by the underlying federal insuring or guaranteeing agency, including loans secured by properties outside a Designated Disaster Area.

"Eligible Month" means any month in which one or more of the Disaster Assistance Programs detailed in this Section 34-2 are available as described in the applicable Disaster APM.

"Designated Disaster Area" means the geographic region covered by a presidential declaration under the Stafford Act of a major disaster, also referred to as Presidentially-Declared Major Disaster Areas (PDMDA), that is the subject of a Disaster APM. For each PDMDA, Issuers may contact the Federal Emergency Management Agency (FEMA) to obtain information on the related counties and their corresponding declaration dates. This PDMDA information may be obtained directly from the FEMA website at www.fema.gov/disasters or by contacting their local FEMA office.

"Disaster APM" means an All Participants Memorandum that identifies the Presidential disaster declaration(s) underlying Ginnie Mae's decision to activate and implement its Disaster Assistance Program(s), the specific Disaster Assistance Program(s) that will be made available for such disaster(s), and the expiration date for each Disaster Assistance Program.

"Qualifying Portfolio" means, an Issuer's Ginnie Mae loan portfolio if five percent (5%) or more of its unpaid pool principal balance corresponds to loans located within the Designated Disaster Area, based on an Issuer's most recent report of pool, loan package, and loan data in Ginnie Mae's Reporting and Feedback System ("RFS").

**(B) DISASTER RELIEF LOAN BUYOUT AUTHORITY PROGRAM**

1) Program Description. The Disaster Relief Loan Buyout Authority Program enables Issuers to buy out eligible loans, subject to Ginnie Mae approval, even if the loans are not delinquent, or do not otherwise meet the conditions for a buyout detailed under Ginnie Mae's standard terms in Chapter 14 or Chapter 18 of this Guide.

2) Program Requirements. Issuers must receive Ginnie Mae's written permission to buy out loans under this provision. To request such permission, an Issuer must use the Transmittal Form Letter for Disaster Relief Buyout Requests (Appendix XI-05), in the manner prescribed by the relevant Disaster APM.

The Issuer must provide Ginnie Mae the loan-level information required by the form letter for each loan identified therein. Ginnie Mae may, at its sole discretion, approve or reject a request, in whole or in part.

The Disaster Relief Buyout Request Letter must be signed by an individual authorized to act on behalf of the Issuer, as listed in the Issuer's current Form HUD-11702, who will certify on behalf of the Issuer that each loan listed in the request meets the eligibility requirements discussed above, and that the Issuer is buying out the loan in order to provide relief to the homeowner.

3) Buyout Amount. If an Issuer's request is approved, the Issuer must buy the loans out of the pools for the unpaid principal balance of each loan, less any unreimbursed advances previously made by the Issuer.

4) Impact on Re-Pooling. A loan that is bought out under the authority of this disaster relief provision will be eligible for re-pooling only if it has successfully undergone a loan

modification in compliance with the guidelines of the applicable federal agency guaranteeing or insuring the loan. The resulting loan modification must meet Ginnie Mae's standard pooling parameters and documentation requirements for loan modifications.

Please note that refinanced loans are not restricted as to pooling since a refinanced loan is a new loan and must only meet the eligibility loan criteria in Section 9-2 of this Guide.

**(C) DELINQUENCY AND DEFAULT RATIO DISASTER ASSISTANCE PROGRAM**

1) Program Description. Section 18-3 of the MBS Guide provides the delinquency and default thresholds used by Ginnie Mae in determining whether to approve commitment authority requests, pool number requests, and Transfers of Issuer Responsibility. Under the Delinquency and Default Ratio Disaster Assistance Program, Ginnie Mae may, in its sole discretion, and upon request from an Issuer, exclude Eligible Loans from calculations of delinquency and default ratios identified in Section 18-3.

2) Program Requirements. When the program is made available pursuant to a Disaster APM, Issuers must request the exclusion of Eligible Loans directly from their assigned Account Executive. The Account Executive will instruct the Issuer how to submit necessary loan information, if any. Ginnie Mae will inform the Issuer in writing whether its request is approved, and if approved the expiration date of the exemption.

**(D) PASS-THROUGH ASSISTANCE PROGRAM**

1) Program Description. Under the Pass-Through Assistance Program, Ginnie Mae may assist Issuers with pass-through payments to investors if the Issuer has a Qualifying Portfolio in accordance with this Section 34-2. The specific and limited purpose of this program is to allow issuers facing a temporary liquidity shortfall that is directly attributable to a major disaster to receive the benefit of the Ginnie Mae guaranty without the consequence of termination and extinguishment. Requests for assistance under this program should only be made by an Issuer as a "last resort." A request for assistance is a basis for a default. In underwriting requests for assistance, Ginnie Mae will assess whether there are sufficient grounds to expect the timely repayment of governmental advance. This program is not intended to provide long-term financing, or to address the full extent of solvency issues that an Issuer might face as the result of a disaster.

2) Program Requirements.

Issuers must request assistance within the timeline as provided in the applicable Disaster APM. The Disaster APM will also identify the Eligible Months for the Pass-Through Assistance Program.

Issuers may request Pass-Through Assistance only for a particular month. If an Issuer requires Pass-Through Assistance for multiple months, the Issuer must submit a request for each individual succeeding Eligible Month, as detailed below.

The terms of repayment for each month that Ginnie Mae extends Pass-Through Assistance are detailed further below.

Issuers may request assistance only after receiving the final pre-collection notice corresponding to the applicable reporting month.

The Issuer must request assistance in accordance with the following procedures.

(a) Initial Application. For each Eligible Month for which assistance is requested, the Issuer will sign and submit, no earlier than the seventh $7^{th}$ Business Day of each month, and at least three calendar days prior to that month's remittance date or ACH date, the following:

- (i) a single copy of a Request for Disaster Assistance (Appendix XI-1) (a Request), properly executed by an authorized corporate official;
- (ii) two copies of a Supervisory Agreement (Appendix XI-2), properly executed by an authorized corporate official;
- (iii) a single copy of Wire Instructions to Transmit Funds to Issuer from Ginnie Mae (Appendix XI-3) that identifies the applicable P&I Custodial Account(s) that is (are) subject to master agreement(s) in the form prescribed by Ginnie Mae; and
- (iv) A signed statement, on the Issuer's letterhead, articulating the Issuer's previous efforts in obtaining private financing for the subject shortfalls as well as the Issuer's plan for repaying any funds advanced by Ginnie Mae. Ginnie Mae may request additional supporting documentation.

The Issuer must send these documents electronically in PDF, and where applicable, in Excel format to PIDA@hud.gov. The Issuer must also send the original hard copy of each document by express mail to the Senior Vice President of the Office of Issuer & Portfolio Management Attention: Declared Disaster (see Summary of Addresses).

These documents are applicable under both the Ginnie Mae I MBS Program and the Ginnie Mae II MBS Program.

Ginnie Mae may request additional documentation to support the Issuer's signed statement.

Each of these documents must be signed by an individual authorized to act on behalf of the Issuer as listed in the Issuer's current Form HUD-11702.

(b) Ginnie Mae Determination. If Ginnie Mae approves the Request, it will execute the Supervisory Agreements and return one copy to the Issuer. Ginnie Mae will wire the requested advances directly into the Issuer's P&I custodial accounts at times that will enable the Issuer to make payments to security holders at the times specified in Chapter 15. If Ginnie Mae denies the Request, it will notify in writing the Issuer of the denial.

(c) Computation of Available Pass-Through Assistance

The Issuer will compute the amount of the advance requested from Ginnie Mae for each eligible month as follows:

(i) Determine the total amount necessary to make payments to security holders that will be required for the Eligible Loans in the Eligible Month that is the subject of the request.

(ii) Determine the total amount of funds available to the Issuer to satisfy the amount computed in paragraph (i), including borrower collections for the applicable month and any Issuer funds being applied to meet advance obligations.

(iii) Subtract the amount computed in paragraph (ii) above from the amount computed in paragraph (i) above. The balance is the amount of Ginnie Mae advance assistance (eligible assistance) that the Issuer will be eligible for in the Eligible Month that is the subject of the request.

The computations in paragraphs (i), (ii), and (iii) above, must be reflected in the corresponding fields of the executed Request for Disaster Pass-Through Assistance, Appendix XI-01.

3) Repayment Responsibility. An Issuer that receives an eligible advance from Ginnie Mae will be obligated to repay it to Ginnie Mae according to the terms set forth in the applicable Supervisory Agreement. The applicable interest rate is the rate that Ginnie Mae pays for its monthly borrowing from the Treasury Department during the month of the related eligible advance. Issuers should use Ginnie Mae Payment Instructions in Chapter 6 of the MBS Guide to make the required repayments. Although the specified repayment dates and the associated Supervisory Agreements are not expected to be extended, they may be extended in the sole discretion of the President of Ginnie Mae.

4) Default Status. Under the applicable Supervisory Agreement, the Issuer will be considered in default under the governing Guaranty Agreement or Contractual Agreement. If Ginnie Mae executes the Supervisory Agreement, Ginnie Mae will forbear from exercising its right to extinguish the Issuer's rights and will allow the Issuer to remedy its default by repaying each eligible advance to Ginnie Mae, together with required interest, within 90 days of the date of Ginnie Mae's payment of that eligible advance. Execution of the Supervisory Agreement does not obligate Ginnie Mae to forbear from exercising its rights in the event of a default by the Issuer for a basis other than a default due to the Issuer's request for eligible advances.

Although an Issuer will be in default as a result of its request for eligible advances pursuant to this chapter, the Issuer's ability to obtain commitments, issue securities, or transfer Issuer responsibility will not be affected so long as it complies with the Supervisory Agreement executed by Ginnie Mae and all other applicable Ginnie Mae I and Ginnie Mae II MBS Program requirements. If Ginnie Mae denies the Request, the Issuer's ability to obtain commitments, issue securities, or transfer Issuer responsibility may be affected.

## 34-3: FEDERAL SERVICEMEMBERS CIVIL RELIEF ACT (SCRA) INTEREST SHORTFALL ASSISTANCE

The federal Servicemembers Civil Relief Act (SCRA) provides that no obligation or liability bearing interest at a rate in excess of 6% a year incurred by a borrower before the borrower enters active military duty shall, during the borrower's period of active military duty and for one year thereafter, bear interest at a rate in excess of 6% a year. Once the borrower's period of active military duty and one year thereafter is over, the Issuer is permitted to collect the rate of interest provided for in the mortgage.

SCRA relief is an obligation between the Issuer and the borrower as established by statute (50 U.S.C. app. § 527). Ginnie Mae is authorized to reimburse Issuers for interest relief provided under the SCRA for the borrower's period of active military duty, and as set forth below for up to one year following the active duty period.

Ginnie Mae reimburses Issuers for interest forgiven under the SCRA for one year after a borrower's period of active military duty provided that the borrower was on active duty on or after July 30, 2008, as provided for in the Housing and Economic Recovery Act (HERA) of 2008.

Issuers must comply with the SCRA interest forgiveness provisions, and for any payment shortfalls that are not reimbursable, fund out of the Issuer's own corporate funds to ensure timely payment to security holders.

Issuers are reminded that the difference between the payment due on an eligible loan at the original interest rate and the payment due at the rate permitted by SCRA is not considered an advance by the Issuer, and therefore, cannot be funded by excess funds, as defined in Section 15-5(A), or by any other funds in the related P&I custodial account. Moreover, SCRA does not permit Issuers to collect these payment shortfalls from the borrower at a later date. The shortfall must be funded each month entirely out of the Issuer's own corporate funds and deposited (a) in the case of Ginnie Mae I MBS, into the related P&I custodial account no later than the day of the month in which payment to security holders is due under Section 15-2(A), or (b) in the case of Ginnie Mae II MBS, deposited into the central P&I custodial account no later than the day of the month in which the deposit is due under Section 15-3(A).

In order to receive reimbursement for an interest shortfall attributable to SCRA, the Issuer must demonstrate that the mortgage meets the eligibility criteria for interest shortfall assistance set forth herein and in SCRA and provide the documentation described below.

**(A) ELIGIBLE MORTGAGES**

In order for an Issuer to qualify for interest shortfall protection in connection with a mortgage:

(1) The mortgage must have been obtained prior to the mortgagor's entry into active military service.

(2) The Issuer must receive a written request for relief from the mortgagor or by someone with authority to make the request on the borrower's behalf, for example, the mortgagor's spouse or attorney. The mortgage must represent a contractual obligation of the mortgagor, either as sole mortgagor or co-obligor.

(3) The Issuer must determine whether the mortgage satisfies the requirements herein and of SCRA and, if it does, the amount of the interest shortfall.

(4) The Issuer must verify and document the date on which the mortgagor entered active military service, the date on which the mortgagor undertook the mortgage obligation and, if applicable, the date on which the mortgagor's period of active military duty ended.

(5) The Issuer must submit to Ginnie Mae's Servicemember Civil Relief Act agent (see Summary of Addresses) certain loan eligibility information for each mortgage, both in hard copy and in electronic form. Ginnie Mae must approve this information before the Issuer submits its request for reimbursement. The Issuer must submit the loan eligibility information set forth in Appendix XI-6.

(6) Loan eligibility information and claims for interest reimbursement must be submitted electronically via the SCRA application in the Ginnie Mae Enterprise Portal (GMEP).

If not already registered Issuers may request GMEP access by following the instructions outlined in Appendix III-29 of this Guide.

Issuers are reminded that the Loan Note Interest Rate (contract note rate) reported on the SCRA Loan Eligibility Request and Reimbursement Request must be consistent with the note rate reported to Ginnie Mae's Reporting and Feedback System (RFS) Issuer Monthly Report of Pool and Loan Data for the respective reimbursement ending quarters.

The file layout in Appendix XI-9 may be used to upload multiple SCRA requests.

(7) If a mortgagor has served multiple periods of active military duty, the Issuer must submit loan eligibility information for each such period of active duty.

(8) The Issuer must maintain the request and other appropriate records in the mortgage loan file, and retain

copies of each in the pool file, for review by Ginnie Mae or its agent.

(9) 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.

***(B) Loan Buyout Authority***

Per FHA Mortgagee Letter 2001-22, if a lender permits mortgagors to postpone principal payments, the lender/Issuer, may, with Ginnie Mae's consent, buy the loans out of pools after it makes three principal payments on behalf of the mortgagor.

***(C) Monthly Pool Accounting***

The Issuer must continue to account for each loan subject to the SCRA on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) and per the RFS Issuer Monthly Report of Pool and Loan Data. The procedures for reporting payments on eligible loans are set forth in Appendix XI-7.

***(D) Submission of Request for Loan Eligibility***

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. An Issuer must request a loan eligibility determination during the servicemember borrower's SCRA relief eligibility period in order to qualify for reimbursement. The SCRA relief eligibility period encompasses a servicemember's active duty period plus an additional year.

***(E) Submission of Request for Reimbursement***

The Issuer may submit requests for reimbursement only on a quarterly basis. Requests are to be submitted by February 10, May 10, August 10 and November 10. The Issuer must submit to Ginnie Mae's Servicemember Civil Relief Act agent (see Summary of Addresses) certain reimbursement information for each approved eligibility request, in both hard copy and electronic form set forth in Appendix XI-8.

Effective for the August 10, 2015 request submission, 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, as set forth above in this section, following the end of the month the borrower's SCRA relief eligibility period, as defined in Section 34-3(D) above, 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.

If the hard copy request is not identical to the electronic transmission, reimbursement will not be made until the Issuer has resolved the discrepancy and corrected its submission.

**(F) REIMBURSEMENT**

When reimbursement is appropriate, the CPTA will reimburse the Issuer.