

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

34-1: OVERVIEW OF CHAPTER

From time to time, Ginnie Mae may offer to assist Issuers who are responsible for pooled mortgage loans on property located in areas that have been declared disaster areas by the President of the United States. This assistance takes three forms: (i) aiding Issuers in covering their advance obligations while forbearing from declaring them in default, (ii) deleting affected loans from calculations of delinquency ratios, and (iii) authorizing Issuers to purchase affected loans from the related pools.

In addition, Ginnie Mae may also provide assistance to Issuers on behalf of certain military servicemembers. Under the Servicemembers Civil Relief Act of 2003 (SCRA), Issuers may be forbidden from collecting interest in excess of 6% per annum on certain mortgages while the borrowers are on active military duty and for one year thereafter. Ginnie Mae may reimburse Issuers for such interest shortfalls under the terms defined below.

This chapter describes the terms and conditions for which disaster and interest shortfall assistance will be made available to affected Issuers.

34-2: DISASTER ASSISTANCE

When the President declares a disaster, Issuers may contact the Federal Emergency Management Agency (FEMA) to obtain information on the related counties and their corresponding declaration dates. This information may be obtained directly from the FEMA website at www.fema.gov/disasters or by contacting their local FEMA office. Eligible locations are those specified in the disaster areas declared by the President. Locations outside those areas may also be eligible if the disaster has directly and significantly reduced homeowners' employment opportunities and incomes.

Ginnie Mae will assist Issuers with pass-through payments to investors if the Issuer has more than five percent (5%) of its Ginnie Mae loan portfolio in the affected areas.

Those Issuers who have large numbers of mortgagors unable to make loan payments because of the disaster and who, as Issuers, are unable to obtain private market financing to cover the delinquencies, may be eligible for Ginnie Mae assistance. Such requests for assistance shall only be made by an Issuer as a "last resort". Issuers must request assistance within one year of the date of the disaster declaration, and such disaster relief, if granted by Ginnie Mae, shall only be available for a period not to exceed 90 calendar days.

(A) *Ginnie Mae Advances and Forbearance*

- (1) Request Procedures
The Issuer must request assistance in accordance

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

with the following procedures:

- (a) For each eligible month for which assistance is requested, the Issuer will sign and submit, at least three business 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);
 - (ii) two copies of a Supervisory Agreement (Appendix XI-2), properly executed by an authorized corporate official; and
 - (iii) a single copy of Wire Instructions to Transmit Funds to Issuer from Ginnie Mae (Appendix XI-3).

The Issuer must send these documents 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.

- (b) 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.

(2) Computation of Advances

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

- (a) Determine the total amount of advances that the Issuer made with respect to the eligible loans in the month (the base month) immediately prior to the initial month in which assistance is made available in a disaster APM. This sum is considered unrelated to the disaster and therefore not eligible for assistance under this Chapter 34. It is treated as the "base month amount" of advances.
- (b) Estimate the advances that will be required for

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

the eligible loans in the eligible month that is the subject of the request.

- (c) Subtract (2) from (3). 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.

An Issuer that receives an eligible advance from Ginnie Mae will be obligated to repay it to Ginnie Mae within 90 days after Ginnie Mae wires the funds into the Issuer's P&I custodial accounts, with interest computed at the applicable interest rate, which will be 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 Instructions to Remit Funds to Ginnie Mae Via Electronic Funds Transfer (Appendix XI-4) 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.

(B) Default Status

Under the applicable Supervisory Agreement, the Issuer will be considered in default under the governing Guaranty Agreement or Contractual Agreement. Ginnie Mae, however, 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. Ginnie Mae will not forbear from exercising its rights in the event of a default by the Issuer 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 and all other applicable Ginnie Mae I and Ginnie Mae II MBS Program requirements.

(C) Exceptions to Delinquency Ratio Calculation Requirements

Ginnie Mae will also exclude mortgages on properties in eligible locations from calculations of delinquency ratios (DQ3, DQ2 and DQP). These thresholds are used, pursuant to Section 18-3, in approving commitments, assigning pool numbers, and allowing transfers of Issuer responsibility. Using Ginnie Mae's Mortgage-Backed Security Information

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

(D) Loan Buyout Authority

System, the staff of Ginnie Mae and its contractor, will cooperate with Issuers to track the affected mortgages by eligible location.

Ginnie Mae, pursuant to a disaster APM, may also authorize Issuers with eligible loans to buy the loans out of the pools for the remaining principal balance of each loan, less any unreimbursed advances previously made by the Issuer. The loans do not have to be delinquent before they can be repurchased.

Issuers must receive Ginnie Mae's written permission to buyout loans. To request such permission, an Issuer must use the Transmittal Form Letter Requesting Buyout Disaster Relief (Appendix XI-5). This letter includes the Issuer's certification that the property was damaged by the effects of the declared disaster and must refer to the applicable disaster APM by its assigned number.

Ginnie Mae will allow such loans, once bought out of their pools, to be re-pooled if they are modified and continue to be insured or guaranteed by FHA, VA, RHS, or PIH (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).

The authority to buy loans out will expire on the date specified in the disaster APM.

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.

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

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.

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

(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

CHAPTER 34: SPECIAL ASSISTANCE PROGRAMS

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.