

THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

November 12, 2002

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Expansion of Ginnie Mae's Reimbursement to Issuers under the Soldiers' and Sailors' Civil Relief Act of 1940

Ginnie Mae is pleased to announce changes to the policy regarding the reimbursement of issuers for interest shortfalls on loans eligible for interest rate reduction under the Soldiers' and Sailors' Civil Relief Act of 1940 ("SSCRA").

Provisions of the SSCRA permit a maximum interest rate of six percent on the mortgage debt incurred before entry into military service. Issuers must lower the interest rate to six percent during the borrower's active duty. Upon the release of the borrower from active duty, the mortgage interest rate returns to the original contract rate, or the current rate, where applicable.

Until now, Ginnie Mae would only reimburse issuers for interest shortfalls if the Reservist or member of the National Guard was called to serve in specified actions or operations. Effective immediately, Ginnie Mae will absorb the costs of the interest reduction in all cases where a qualified (under SSCRA) Reservist or member of the National Guard is called to active duty, regardless of the military effort.

As stated in All Participants Memorandum 02-17, Ginnie Mae is replacing the Issuer Information System ("IIS") with a web-based IIS that will be available on January 1, 2003. Beginning in January 2003, issuers who have not submitted eligibility requests to Ginnie Mae because of the military effort restriction, may now submit requests. Similarly, issuers who have submitted eligibility requests and have had these denied because of the military effort restriction, may resubmit the request. New and previously denied eligibility requests can be resubmitted, regardless of the military effort, for any cases where the active duty start date is September 11, 2001, or later.

The procedures for submitting reimbursement requests are defined in Chapter 34 of Ginnie Mae Mortgage-Backed Securities Guide 5500.3. Procedures and eligibility requirements for enlisted members of the armed forces remain unchanged.

Should you have any questions, please contact your Single Family Ginnie Mae Account Executive at (202) 708-1535.