



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-9000

THE GOVERNMENT NATIONAL  
MORTGAGE ASSOCIATION

September 17, 2001

01-23

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Forbearance and Buyout Authorization for Loans Affected by the  
Terrorist Attacks on September 11, 2001

**FORBEARANCE**

In an effort to minimize the economic hardship for those persons affected by the terrorist attacks, Ginnie Mae encourages all single-family, manufactured housing, and multifamily Ginnie Mae issuers to provide forbearance to borrowers who were affected by the disaster. Pursuant to FHA Mortgagee Letter 2001-21, "Affected borrowers are those individuals who were passengers or crew on the four hijacked airliners (American Airlines 11 and 77, United Airlines 93 and 175), individuals employed on September 11, 2001, in or near the World Trade Center, or in the Pentagon, and individuals whose financial viability was affected by the aforesaid events of this day."

This All Participants Memorandum ("APM") addresses the Ginnie Mae Mortgage-Backed Securities program, and supplements and augments actions taken by other federal agencies. Ginnie Mae realizes that with the massive loss of life, destruction of property, and the temporary loss of jobs, many individuals will experience severe economic and personal hardships. Ginnie Mae is prepared to assist issuers holding mortgage loans affected by these attacks in making their Ginnie Mae pass-through payments.

For the months of October, November, and December 2001, Ginnie Mae will assist issuers with pass-throughs on loans in its Ginnie Mae-loan portfolio made to "affected borrowers". Those issuers who have customers unable to make loan payments because of the terrorist attacks, and who, as issuers, cannot obtain private market financing to cover the delinquencies, will be eligible for Ginnie Mae assistance. Issuers may establish a borrower's eligibility for this relief by applying criteria contained in FHA Mortgagee Letter 00-05.

The issuer must provide the following documents in order to be considered for assistance:

- 1) For each of the eligible months that assistance is requested, the issuer will sign and submit a Request for Disaster Assistance ("Request"), the Supervisory Agreement (two copies), and a copy of the wire instructions to Ginnie Mae at least three business days prior to the month for which assistance is requested. The Supervisory Agreement is attached as Exhibit A. The Request for Disaster Assistance is found in Appendix XI of the Ginnie Mae Guide. Both documents are applicable to advances under both the Ginnie Mae I and Ginnie Mae II programs.
- 2) The issuer will compute its advances needed for October, November, and December 2001 pass-throughs respectively, for loans subject to this APM and for which the issuer cannot obtain outside financing. The issuer will submit the list of such loans with their Request for Disaster Assistance Form.

Ginnie Mae will review the Request, and if approved, will execute the Supervisory Agreements and return one copy to the issuer. Ginnie Mae will wire Eligible Advances directly into the issuer's Principal and Interest custodial account(s) in time to allow payment to security holders for October, November, and December 2001. These deposits will assure that the issuer can properly cover investor and ACH payments on the appropriate due dates.

Issuers subject to the Supervisory Agreements with Ginnie Mae will be obligated to repay Eligible Advances to Ginnie Mae on the expiration of the 90-day term, which will be in January, February, and March 2002, as appropriate. While these repayment dates and the associated Supervisory Agreements are not expected to be extended, the President of Ginnie Mae may do so at his sole discretion.

While technically in default as a result of the advances provided by Ginnie Mae pursuant to this APM, this status will not affect an issuer's ability to obtain commitments, issue securities or transfer issuer responsibility, so long as the issuer complies with the Supervisory Agreement. The issuer is also required to comply with the normal eligibility requirements for obtaining commitment authority, issuing securities and transferring issuer responsibility, as specified in the Ginnie Mae Guide.

In addition to the Ginnie Mae advance assistance, Ginnie Mae will exclude mortgages to affected borrowers from calculations of delinquency ratios (DQ3, DQ2 and DQP). These thresholds are used to approve commitments, assign pool numbers and allow transfers of issuer responsibility. Through Ginnie Mae's Mortgage-Backed Security Information System, the staff of Ginnie Mae and ACS GSG, Ginnie Mae's contractor, will work with issuers to track the affected mortgages by location.

Ginnie Mae encourages all Ginnie Mae issuers to continue their commitment to the borrowers affected by these terrorist attacks, and provide appropriate funding and forbearance for individuals attempting to rebuild.

## **BUYOUT AUTHORITY**

Also, in accordance with this APM, Ginnie Mae is authorizing issuers of Ginnie Mae pools containing loans to affected borrowers to buy the loans out of the pools for the remaining principal balance of each loan. The loans do not have to be delinquent before they can be repurchased. The purpose of this authority is to assist affected borrowers avoid becoming delinquent on their loan payments which can lead to default, foreclosure, and loss of their homes.

Ginnie Mae will allow the buyout loans to be re-pooled if they are modified and continue to be insured or guaranteed by FHA, VA, or RHS (refinanced loans are not restricted as to pooling since a refinanced loan is a new loan and must only meet the criteria in the Ginnie Mae Guides for eligibility). For purposes of computing the eligible age of a loan, the loan modification date must not be more than 48 months prior to the issue date of the pool. All other loan eligibility requirements as stated in the appropriate Guides are applicable. The authority to buy out loans will expire six months from the issue date of this APM.

An issuer requesting assistance pursuant to this APM should submit the two copies of the Supervisory Agreement, properly executed by an authorized corporate official, Request for the Disaster Assistance form, and Wire Instructions form by express mail to:

Acting Vice President  
Office of Customer Service  
Disaster Assistance  
Ginnie Mae  
451 7th Street, SW, Room 6214  
Washington, DC 20410

Issuers requesting permission to buy loans out of existing pools pursuant to this APM must request the permission in writing to the address above. The format of the buyout request letter for loans under either program is in Appendix XI-5 of the Ginnie Mae Guide. The buyout request letter must specify that the loan was to an affected borrower and must refer to this APM by number.

If an issuer has any question regarding the issues addressed by this APM, they may call their appropriate Single-Family/Manufactured Housing Account Executive on (202) 708-1535 or Multifamily Account Executive on (202) 708-2043.

Attachments: FHA Mortgagee Letter 2001-21  
Exhibit A – Supervisory Agreement

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-8000

September 13, 2001

OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

MORTGAGEE LETTER 2001-21

**TO: ALL APPROVED MORTGAGEES**

**ATTENTION: Servicing Managers**

**SUBJECT: Relief Options for Borrowers Affected by the Events of September 11, 2001**

On September 11, 2001, terrorists hijacked four commercial airliners. Two of the airliners struck the Twin Towers of the World Trade Center in New York City, destroying them and several surrounding buildings. A third airliner struck the Pentagon in Arlington, Virginia, damaging it severely. The fourth airliner crashed in Shanksville, Pennsylvania, killing all aboard. The World Trade Center and the Pentagon employ large numbers of people, many of whom may have FHA-insured mortgages. This Mortgagee Letter is to advise you of actions taken by the Department, and actions mortgagees must take, to provide relief to affected borrowers with an FHA-insured mortgage on their residence. Affected borrowers are those individuals who were passengers or crew on the four hijacked airliners (American Airlines 11 and 77, United Airlines 93 and 175), individuals employed on September 11, 2001, in or near the World Trade Center, or in the Pentagon, and individuals whose financial viability was affected by the aforesaid events of this day.

**Moratorium on Foreclosures.** A moratorium on foreclosure of any FHA-insured single-family mortgage in which an affected borrower, as defined in the paragraph above, is an **owner-occupant** of the property securing the mortgage, is in effect for a 90-day period from the date of this Mortgagee Letter. This moratorium applies to the initiation of foreclosure and to foreclosures already in process.

**Servicing Actions.** The Department strongly recommends that mortgagees waive all late charges for affected borrowers beginning with the September 2001 installment. Also, HUD strongly recommends that mortgagees suspend the reporting of delinquencies of affected borrowers to credit bureaus, beginning with the September 2001 installment.

**Loss Mitigation Options.** Subsequent to the foreclosure moratorium, lenders should consider all applicable loss mitigation options for affected borrowers, including pre-foreclosure sales and deeds in lieu of foreclosure if the homeowner is not in a position to "cure" the mortgage delinquency. Lenders should refer to Mortgagee Letter 00-05 (January 19, 2000), Loss Mitigation Program Comprehensive Clarification of Policy and Notice of Procedural Changes, for guidance on the use of the options for foreclosure avoidance in the Department's Loss Mitigation Program and incentive payments associated with some options. When considering

borrowers affected by the events of September 11, 2001, for loss mitigation, mortgagees must give the borrowers the benefit of the doubt, especially when evaluating the borrower's documentation of lost income or increased expenses.

This Mortgagee Letter extends the maximum pre-foreclosure sales period on affected properties an additional two months, and reduces the minimum ratio of appraised property value to outstanding mortgage indebtedness to fifty-eight (58) percent, without requiring the lender to seek a variance approval from the Department's National Servicing Center. In the case of this Mortgagee Letter, "affected properties" are those owned by affected borrowers as defined in the first paragraph.

**Streamline Refinancing.** It is not necessary to credit-qualify surviving co-mortgagors of affected borrowers for streamline refinancing. Lenders should refer to HUD Handbook 4155.1, REV-4, Change 1, Paragraph 1-12 for additional guidance on this matter.

**Endorsement of Delinquent Mortgages.** The Department's Homeownership Centers may, on a case-by-case basis, endorse mortgages that are delinquent, if at least one of the mortgagors is an affected borrower as defined in the first paragraph of this Mortgagee Letter, and the delinquency was related to the terrorist attacks. As a rule, this policy applies to cases where the homeowner became delinquent on the mortgage payments on or after September 11, 2001, because of temporary disruptions in employment or an increase in expenses.

Mortgagees must take the appropriate steps to effect these policies immediately. Please direct any questions to the Department's National Servicing Center in Oklahoma City, at (888) 297-8685 (this is a toll-free number).

Mel Martinez  
Secretary

## Exhibit (A)

### SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_ (hereinafter referred to as "Issuer") and the Government National Mortgage Association, a body corporate organized and existing under the laws of the United States within the Department of Housing and Urban Development (hereinafter referred to as "Ginnie Mae"):

WHEREAS, Issuer has been the issuer of Mortgage-Backed Securities based on mortgage pools listed on the enclosed Exhibit A (the "Mortgage Pools"), guaranteed by Ginnie Mae pursuant to the Schedule of Subscribers and Ginnie Mae Guaranty Agreement ("Guaranty Agreement") entered into between Ginnie Mae and Issuer, such Guaranty Agreement being incorporated herein by reference; and

WHEREAS, as a direct result of the effects of the disaster described in All Participants Memorandum ("Memorandum") \_\_\_\_\_, Issuer is unable to make the full payments due to the holders of the Mortgage-Backed Securities backed by the Mortgage Pools and has requested that Ginnie Mae advance certain payments to security holders ("Payments") in accordance with the terms of the Memorandum.

NOW THEREFORE, the parties hereto mutually undertake and agree as follows:

1. Issuer has submitted a written request to Ginnie Mae to advance Payments for the month of \_\_\_\_\_, in accordance with the instructions set forth in the Memorandum. Upon receipt of such request, and in accordance with the Memorandum, Ginnie Mae has wire-transferred funds directly into Issuer's Principal and Interest Custodial Account to assure full and timely Payment to security holders. Ginnie Mae has made the Payment in order to comply with its guarantee obligations to the security holders.
2. Ginnie Mae has advanced the Payment on behalf of Issuer on the following terms and conditions. The Payment shall be repaid in full to Ginnie Mae, together with interest on the Payment at the annual rate of \_\_\_\_\_, within ninety (90) days of the date of Ginnie Mae's advance of the Payment. Failure to repay the Payment and accrued interest in accordance with the terms set forth herein shall constitute an event of default under this Supervisory Agreement and a further default under the Guaranty Agreement between Issuer and Ginnie Mae, and shall constitute grounds for Termination of Issuer Status.

3. For the term of this Agreement, Issuer shall continue as a Ginnie Mae issuer in accordance with the Ginnie Mae Mortgage-Backed Securities Guide 5500.3 (hereinafter referred to as the "Guide") and the Guaranty Agreement, including but not limited to the responsibilities referenced below. At any time until this Agreement expires pursuant to Paragraph 6, Ginnie Mae may complete the Termination of Issuer Status if Issuer fails to perform properly its responsibilities pursuant to the Guide and the Guaranty Agreement, except as provided herein. Upon expiration of this Agreement, if: (i) Issuer has fully complied with the terms of this Agreement, the Guide and the Guaranty Agreement between Issuer and Ginnie Mae; and (ii) Ginnie Mae has not effected a Termination of Issuer Status, the Issuer shall be deemed restored to the status Issuer held immediately prior to the actions giving rise to this Agreement.
4. To the extent that the terms and conditions of the Guide and the Guaranty Agreement conflict with or are inconsistent with the terms of this Agreement, the terms and conditions of this Agreement shall govern.
5. Issuer shall not assign or delegate any of its rights or responsibilities under this Agreement without the prior consent of Ginnie Mae.
6. This Agreement shall continue in effect until the earlier to occur of one of the following: (a) Issuer has repaid the Payment to Ginnie Mae; or (b) any date specified by Ginnie Mae at its convenience after delivery of written notice to Issuer from Ginnie Mae that this Agreement shall be terminated and that Ginnie Mae will complete the Termination of Issuer Status. However, if this Agreement terminates pursuant to (b) above, Issuer's obligation to repay the Payment to Ginnie Mae shall survive until such obligation is satisfied in full.
7. Issuer shall meet the requirements of Section 2-7 of Ginnie Mae Guide 5500.3 with regard to fidelity bond and errors and omissions insurance coverage.
8. Nothing in this Agreement shall constitute a waiver or release by Ginnie Mae of any claim or any right to proceed or to recover any damages from Issuer relating to any existing or future facts or circumstances.

- 9. Issuer agrees to execute all documents and undertake all actions reasonably necessary to effect the intent and terms of this Agreement.
- 10. This Agreement may be modified or amended only by written agreement of the parties hereto.

GOVERNMENT NATIONAL MORTGAGE  
ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Issuer)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_