

May 14, 2020

APM 20-06

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Seth Appleton, Principal Executive Vice President

SUBJECT: Treatment of Mortgage Delinquency Ratios for Issuers Affected by COVID-19

In response to the National Emergency declared by the President on March 13, 2020, in connection with COVID-19, Ginnie Mae is hereby providing Issuers temporary relief from the acceptable delinquency rate threshold requirement identified in Ch. 18, Part 3, § C of the Mortgage-Backed Securities (MBS) Guide as follows.

In the MBS Program, pooled mortgages for which no scheduled monthly payments were received due to forbearance are reported as delinquent within the context of MBS investor reporting guidelines. Under Chapter (Ch.) 18, Part 3, § D of the MBS Guide, any Issuer that fails to maintain delinquency rates below the applicable threshold levels described in the MBS Guide, Ch. 18, Part 3, § C, may be subjected to Ginnie Mae sanctions. Under the Coronavirus Aid, Relief, and Economic Security Act, as implemented by the federal agencies providing the mortgage insurance or guaranty, Issuers are required to extend forbearance to borrowers experiencing a COVID-19-related hardship. Ginnie Mae acknowledges that these requirements will cause a significant number of Ginnie Mae Issuers to experience increasing delinquency rates that may exceed the maximum thresholds established by Ginnie Mae.

Effective immediately and subject to the limitations delineated below, Ginnie Mae will exclude any new Issuer delinquencies, occurring on or after April 2020 (reported in the May 2020 investor accounting report or after), when calculating the delinquency ratios for the purposes of enforcing the provisions in Ch. 18, Part 3, §§ C & D. This exclusion will be extended automatically to Issuers that were compliant with Ginnie Mae's delinquency rate thresholds as reflected by their April 2020 investor accounting report, reflecting March 2020 servicing data. Ginnie Mae reserves the right to withdraw this permission, in its sole discretion, at any time upon notification to the affected Issuer. Issuers that were not compliant with these provisions as of their April 2020 report will need to contact their Account Executive to determine their eligibility for the exclusion announced in this memorandum. Issuers should note that the computation of delinquency ratios in Ginnie Mae's Reporting and Feedback System (RFS) and in Issuer Operational Performance Profile (IOPP) will remain the same, but Ginnie Mae's monitoring and enforcement of the resulting delinquency metrics is being modified temporarily in accordance with this memorandum.

The exemptions and delinquent loan exclusions implemented by this memorandum will automatically expire on December 31, 2020 (November 2020 investor reporting) unless rescinded earlier or extended by Ginnie Mae, or the end of the National Emergency, whichever comes earlier.

