

Practice Update

Ginnie Mae Unveils New Pass-Through Assistance Program

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On [April 10](#), the Government National Mortgage Association (Ginnie Mae) issued an All Participants Memorandum (APM) implementing its new Pass-Through Assistance Program (PTAP) for the COVID-19 National Emergency (PTAP/C19). Effective April 10, approved issuers with a P&I shortfall may request an advance for the difference between the issuer's available funds and the scheduled payment to investors. If the request is approved, Ginnie Mae will advance the funds directly to the investors. This is a significant step towards helping address the liquidity risk currently facing nondepository mortgage servicers across the country.

The APM provides details on the program's features and specific steps servicers must take to request a PTAP/C19 advance. P&I advances provided through PTAP/C19 will not by itself be considered an event of default. This is a key difference between PTAP/C19 and Ginnie Mae's existing Disaster Assistance PTAP, under which a request for assistance is a basis for default.

PTAP/C19 assistance requests are subject to several requirements, including:

- Issuers must repay each advance by the earlier of:
(i) seven months from when Ginnie Mae

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approved the advance request or (ii) July 30, 2021;

- Issuers are only permitted to use the funds to cover P&I shortfalls—funds may not be used to cover other operational costs;
- Applications must include the documents set forth in new HUD Handbook 5500.3, Rev-1, Ch. 34-2(E)(2)(a). Each of these documents must be signed by an individual listed in the Issuer’s current Form HUD-11702 as authorized to act on behalf of the Issuer.

Fixed interest will be imposed on all advances. Ginnie Mae will post the PTAP/C19 interest rate on its website on the second business day of each month. Servicers must also execute new documents in connection with PTAP/C19. Issuers requesting assistance must complete a Request and Repayment Agreement in new appendix XI-01A. Issuers must also agree to a new PTAP/C19 Master Supervisory Agreement in new appendix XI-02A. Issuers may request repayment extensions.

Like the existing Disaster Assistance Program, requests for assistance under PTAP/C19 should only be made as a “last resort.” Ginnie Mae also stated Issuers should view requests for assistance as “an extraordinary measure, for use when other resources have been exhausted.” In the event of Issuer default, Ginnie Mae’s PTAP/C19 advances take priority over servicing advances made by third-party financiers.

The announcement included a revised Chapter 34, Part 2 of Ginnie Mae’s Mortgage-Backed Securities Guide, HUD Handbook 5500.3, Rev-1, which can be found here. PTAP/C19 is available only for single family program issuers. Ginnie Mae intends to publish PTAP terms for reverse mortgage and multifamily servicers in the near future. We will provide an update once those terms are available.

We will continue to monitor for new developments in the consumer financial service industry's efforts to meet the challenges created by the COVID-19 pandemic. Our interactive [foreclosure and eviction suspension map](#), [court closure map](#), [RON updates](#), and more resources are available in our [Coronavirus Resource Center](#).

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