



Finance ADVISORY ■

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Ginnie Mae Expands Pass-Through Assistance Program to Finance Servicing Advances in Response to COVID-19

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On April 10, 2020, Ginnie Mae published [All Participants Memorandum 20-03](#) (APM), which introduced revisions to the existing Pass-Through Assistance Program (PTAP). The revisions to the PTAP (PTAP/C19) are intended to assist Ginnie Mae issuers facing a temporary liquidity shortfall directly related to the COVID-19 national emergency declared by the President on March 13, 2020.

Effective April 10, 2020, PTAP/C19 assistance is available to all issuers under Ginnie Mae's single-family program, and unlike PTAP assistance that may be utilized during a natural disaster, making a request for assistance and receipt of any advance under PTAP/C19 will not constitute a basis for default under the Ginnie Mae guaranty agreement.

Before requesting assistance under PTAP/C19, an issuer must first seek assistance from sources other than Ginnie Mae. PTAP/C19 assistance should only be a last resort.

Third-party lenders secured by Ginnie Mae mortgage servicing rights (MSRs) or servicing advances should be aware that, during the term of the master supervisory agreement and until the obligations advanced by Ginnie Mae are paid in full, any repayment obligations to third-party lenders financing Ginnie Mae MSRs or servicing advances on loans that are subject to a request and repayment agreement incurred after the date the issuer enters into the master supervisory agreement will be subordinate to the repayment of amounts advanced by Ginnie Mae under PTAP/C19. In addition, to the extent that a third-party lender is financing Ginnie Mae MSRs, if an issuer then seeks assistance under PTAP/C19, Ginnie Mae will have additional rights to reimbursement (as part of its acknowledgment agreement) that would further subordinate the third-party lender.

For these reasons, third-party lenders should consider requiring issuers to: (1) covenant that any receivables that the third-party lenders finance are not on loans that Ginnie Mae has or will finance; (2) repay any outstanding advances to third-party lenders before obtaining assistance from Ginnie Mae under PTAP/C19; (3) repay any outstanding MSR financings made by third-party lenders by some metric related to the amount of advances made by Ginnie Mae under PTAP/C19; (4) provide notice to third-party lenders before obtaining assistance from Ginnie Mae under PTAP/C19; and/or (5) provide updated monthly data on advances that are financed by Ginnie Mae under PTAP/C19.

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An issuer may request assistance only one time per month to cover shortfalls in principal and interest payments (“monthly remittances”) owed to mortgage-backed securities (MBS) investors associated with loans that are delinquent, which includes loans in forbearance, as of the date that each request for assistance is submitted. PTAP/C19 funding may not be used to cover any other servicing or operational costs of the issuer.

The procedures for requesting assistance under PTAP/C19 are set forth in Chapter 34, Part 2, Section E of the Ginnie Mae MBS Guide, and include the following:

- The issuer will need to submit with an initial request for assistance:
 - A request and repayment agreement.
 - A master supervisory agreement, which will govern the terms of the PTAP/C19 assistance.
 - A statement from the issuer demonstrating the issuer’s efforts to obtain third-party financing of the monthly remittance shortfalls and the issuer’s plan for repayment of the funds advanced by Ginnie Mae under PTAP/C19.
 - Any additional supporting documentation requested by Ginnie Mae.
- Once Ginnie Mae has approved an initial request for assistance, for any subsequent requests for assistance, an issuer will only need to submit a new request and repayment agreement and any other supporting documents required under the master supervisory agreement or as requested by Ginnie Mae.
- Any assistance advanced by Ginnie Mae will have a fixed interest rate. Ginnie Mae will be posting the interest rate on its website on the second business day of each month.
- Any assistance advanced by Ginnie Mae under PTAP/C19 must be repaid in full by the earlier of the last day of the month that is seven months following the date that Ginnie Mae approved the request or July 30, 2021.

The specific requirements governing the request, acceptance, and provision of PTAP/C19 assistance, including document submission requirements, are effective April 10, 2020.

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