



Finance ADVISORY ■

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Ginnie Mae Extends PTAP/C19 Assistance to Multifamily MBS Program

by [Katrina Llanes](#) and [Karen Gelernt](#)

In response to the coronavirus (COVID-19) pandemic, Ginnie Mae has expanded the Pass-Through Assistance Program (PTAP) to assist Ginnie Mae issuers facing a temporary liquidity shortfall as a result of COVID-19 (PTAP/C19). On April 10, 2020, Ginnie Mae [originally announced](#) that it was expanding PTAP to Ginnie Mae issuers of its single-family MBS program. Effective May 4, 2020, Ginnie Mae is also expanding PTAP to its multifamily MBS program.

Multifamily MBS issuers will be able to request assistance under PTAP/C19 one time per month to cover shortfalls in principal and interest payments owed to mortgage-backed securities (MBS) investors associated with loans that are in forbearance because of COVID-19. PTAP/C19 funding cannot be used to cover any other servicing or operational costs of the issuer.

Similar to single-family MBS issuers, any multifamily MBS issuer making a request for assistance and any advance made by Ginnie Mae under PTAP/C19 will not constitute a basis for default under the Ginnie Mae guaranty agreement. Note that if an issuer is requesting assistance for both single-family and multifamily pools, it must make a request for assistance under PTAP/C19 through each program.

A multifamily MBS issuer may request assistance under PTAP/C19 by: (1) entering into a request and repayment agreement; (2) entering into a master supervisory agreement; (3) providing Ginnie Mae with a statement that demonstrates the issuer's efforts to obtain third-party financing of the principal and interest payment shortfalls and setting forth the issuer's plan for repayment of the funds advanced by Ginnie Mae under PTAP/C19; and (4) providing any additional supporting documentation requested by Ginnie Mae. Once Ginnie Mae has approved an initial request for assistance, for any subsequent requests a multifamily MBS issuer will only need to submit a new request and repayment agreement and any other supporting documentation required under the master supervisory agreement or requested by Ginnie Mae.

Any assistance advanced by Ginnie Mae will have a fixed interest rate. Ginnie Mae will post 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 12 months following the date that Ginnie Mae makes the advance or December 31, 2021.

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The specific requirements governing the requests and provisions of PTAP/C19 assistance, including document submission requirements, are set forth in [Chapter 34, Part 2, Section F of the Ginnie Mae MBS Guide](#).

PTAP/C19 is intended to be used as a last resort. A multifamily MBS issuer should first seek assistance from sources other than Ginnie Mae.

Similar to the single-family MBS program, during the term of the master supervisory agreement, and until Ginnie Mae has been reimbursed for all advances made under PTAP/C19, third-party lenders secured by Ginnie Mae servicing rights and/or servicing advances should be aware that any repayment obligations to such third-party lenders for any loans that are subject to a request and repayment agreement will be subordinate to the repayment of amounts advanced by Ginnie Mae under PTAP/C19.

Alston & Bird has formed a multidisciplinary [task force](#) to advise clients on the business and legal implications of the coronavirus (COVID-19). You can [view all our work](#) on the coronavirus across industries and [subscribe](#) to our future webinars and advisories.

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