



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

THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

February 10, 1999

99-06

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Guide Change Correction

This memo transmits a correction to the Project Loan Guaranty Agreement in Appendix III-13, page 6, and the Construction Loan Guaranty Agreement in Appendix III-14, page 6, of the Ginnie Mae Mortgage-Backed Securities Guide. These corrections reflect the change previously made to All Participants Memorandum 98-31, "Clarification of Ginnie Mae Policy Regarding Fire and Extended Insurance Coverage in the Multifamily MBS Program".

Attachment

the institution selected by the Issuer to serve as custodian for the documents relating to the Mortgage pool that is the subject of this Agreement.

Section 3.06. The Issuer hereby covenants and warrants that if a Mortgage is or becomes a Defective Mortgage, then: (a) if the Defective Mortgage can be corrected or cured such that it no longer would be defective, the Issuer shall effect such correction or cure; or (b) if the Defective Mortgage cannot be so corrected or cured, the Issuer shall notify Ginnie Mae immediately, and if Ginnie Mae approves, the Issuer shall repurchase the Mortgage at one hundred percent (100%) of the outstanding balance ("Par"). Such correction or repurchase shall occur within 30 days from discovery. Any delinquency or any default by the borrower occurring before or after the Effective Date in the payment of the Mortgage shall not be deemed a defect for purposes of this section.

Section 3.07. The Issuer hereby covenants and warrants that it has in its possession for each Mortgage evidence of a valid and enforceable, standard policy of insurance for fire and extended coverage, or comparable insurance coverage, in an amount equal to the lesser of the unpaid balance of the Mortgage or the amount required by FHA, with loss-payable endorsements designating Issuer and its successors and assigns as payee, and that Issuer shall maintain such insurance in full force and effect for as long as the Mortgage remains in effect.

Section 3.08. If a pooled Mortgage is a coinsured Mortgage, Exhibit A, which is attached hereto, is incorporated herein by reference and is a part of this Agreement.

ARTICLE IV. SERVICING

Section 4.01. The Issuer shall:

- (a) forbear (with the approval of FHA, Ginnie Mae, and the mortgagor), assign or timely foreclose or otherwise convert the ownership of properties securing the Mortgages that come into and continue in default, taking into account any loss mitigation requirements imposed by FHA, or otherwise dispose of such Mortgages, with the purpose of liquidating such properties and Mortgages;
- (b) timely file, process, and receive the proceeds of mortgage insurance under the laws of the United States, in conformance with and subject to all applicable rules, regulations, and comparable promulgations and issuances of FHA;
- (c) make all determinations and do and complete all transactions, matters, or things necessary, appropriate, incidental, or otherwise relating to any of the foregoing or to the ownership of the Mortgages; and
- (d) conform with the servicing standards, procedures, methods, and practices required by the FHA, and any applicable requirements contained in the Guide, and shall establish and maintain books, files, and accounting records in accordance with all of the foregoing.

Section 4.02. The Issuer shall have the option to purchase at Par any Mortgage which has been in default for a continuous period of ninety (90) days or more. The Issuer must purchase at Par each Mortgage for which it receives a final claim settlement from FHA. These settlement funds must be paid to the Security Holders in accordance with section 6.04.

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Section 3.07. The Issuer hereby covenants and warrants that it has in its possession for the Mortgage evidence of a valid and enforceable, standard policy of insurance for fire and extended coverage, or comparable insurance coverage, in an amount equal to the lesser of the unpaid balance of the Mortgage or the amount required by FHA, with loss-payable endorsements designating Issuer and its successors and assigns as payee, and that Issuer shall maintain such insurance in full force and effect for as long as the Mortgage remains in effect.

ARTICLE IV. SERVICING

Section 4.01. The Issuer shall:

- (a) forbear (with the approval of FHA, Ginnie Mae, and the mortgagor), assign, or timely foreclose or otherwise convert the ownership of property securing the Mortgage if the Mortgage should come into and continue in default, taking into account any loss mitigation requirements imposed by FHA, or otherwise dispose of such Mortgage, with the purpose of liquidating such property and Mortgage;
- (b) timely file, process, and receive the proceeds of mortgage insurance claims under the laws of the United States, in conformance with and subject to all applicable rules, regulations, and comparable promulgations and issuances of FHA;
- (c) make all determinations and do and complete all transactions, matters, or things necessary, appropriate, incidental, or otherwise relating to any of the foregoing or to the ownership of the Mortgage; and
- (d) conform with the servicing standards, procedures, methods, and practices required by FHA, and any applicable requirements contained in the Guide, and shall establish and maintain books, files, and accounting records in accordance with all of the foregoing.

Section 4.02. The Issuer shall have the option to purchase the Mortgage at Par if it has been in default for a continuous period of ninety (90) days or more. The Issuer must purchase the Mortgage at Par if it receives a final claim settlement from FHA. These settlement funds must be paid to the Security Holders in accordance with section 6.04.

Section 4.03. Except as otherwise provided in this Agreement or in the Guide, the Issuer is hereby authorized and empowered to foreclose on any collateral securing the Mortgage, execute and deliver in its own name, or in the name of its nominee, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Mortgage and with respect to the property covered by the Mortgage. Any such instrument shall be executed and delivered