

**To:** All Customers **From:** Credit Risk  
**Date:** 11/04/21 – Update 11/09/21 **Memo#:** 21148  
**Subject:** **Seasoning Requirements for Refinances of Modified Loans**

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Ginnie Mae has announced in [APM 21-06](#), seasoning requirements for refinances of modified loans policy clarification. A modified loan is a change in the original loan terms. Additional clarification has been provided by Ginnie Mae and the APM announcement does not apply to new FHA and USDA **refinance** loans.

Effective immediately, **any modified loan (Conventional, FHA, VA, USDA, etc) being paid off through a new VA refinance** must meet the seasoning requirement with the first payment due date after the modification.

The note date of the refinance loan must be on, or after the later of:

- The date on which the borrower has made at least six-monthly payments on the loan being refinances; and
- The date that is 210 days after the first payment due date of the loan being refinanced

Below are the key points in the Guide’s treatment of the intersection of modifications and seasoning:

#### POOLING OF MODIFIED LOANS

Modified Loans are defined in the MBS Guide, and for the purposes of securitization are their own loan type. At pooling, Modified Loans are considered new loans and the modified terms are the basis under which the loans were pooled. In accordance with Chapter 24, Part 2, section (A)(2), Modified VA Loans are not subject to the Chapter 24, Part 2, Section A(3)(d)(i) and (ii) seasoning requirements. The exemption from the seasoning requirement applies only when the loan being pooled is the Modified VA Loan.

#### POOLING OF REFINANCES OF MODIFIED VA LOANS

Loans that refinance a Modified Loan are subject to the above referenced seasoning requirements. Since the modified loan that is being refinanced is considered a new loan based on the modified terms, the modified loan must be seasoned before it can be refinanced and pooled into Ginnie Mae MBS.

To bring clarity to the requirements in the MBS Guide, Ginnie Mae is defining the term “Refinance of a Modified Loan”, and moving the modification reference in Chapter 24, Part 2, Section A(3)(d)—Refinance Loans to Chapter 24, Part 2, Section A(2)—Special Requirements for Modified FHA-insured, VA and RD Guaranteed Loans.

#### **RESOURCES**

- [GNMA APM 21-06](#)
- [GNMA APM 19-05](#)

#### **CUSTOMER SUPPORT**

If you have any questions on the contents on this memo, please email [governmentUW@flagstar.com](mailto:governmentUW@flagstar.com) or call the Underwriting Support Desk at (866) 945-9872.