

October 29, 2021

**APM 21-06**

**MEMORANDUM FOR:** All Participants in Ginnie Mae Programs

**FROM:** Michael Drayne, Acting Executive Vice President

**SUBJECT:** Seasoning Requirements for Refinances of Modified VA Loans—  
Policy Clarification

In APM 19-05, Ginnie Mae announced revisions to its seasoning requirements for VA refinance loans to implement the Protecting Affordable Mortgages for Veterans Act of 2019.

The requirements as implemented in the APM and the MBS Guide impose a seasoning test on refinances of VA loans that have been modified. However, Ginnie Mae is aware that there is some confusion among program participants regarding requirements in Chapter 24 of the MBS Guide and APM 19-05.

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.



The definition of “Refinance of a Modified Loan”, and the related requirement for seasoning are being added to Chapter 24, Part 2, section A(3)(d).

The definition of a “Modified Loan” is being updated in Chapter 24, Part 2 section A (2) and added to the Glossary to clarify that Ginnie Mae views a Modified Loan as a new loan, and the modified terms under which it is pooled are used to determine compliance with the seasoning requirements in the event the Modified Loan is refinanced. Additionally, Ginnie Mae is removing language in Chapter 24, section A(2)(c) permitting the loan modification date to be used as the origination date for pooling. In accordance with Appendix III-07 to this guide, the Loan Origination Date should be the Note date, or date the loan was originated.

Recognizing that some adjustment of origination procedures may be necessary to ensure compliance with these definitions, Ginnie Mae is implementing an effective date of January 1, 2022 for the these Guide changes.

If you have any additional questions about the content of this memorandum, please contact your Account Executive in the Office of Issuer and Portfolio Management.



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