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APM 18-04

May 30, 2018

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael Bright, Executive Vice President and Chief Operating Officer

SUBJECT: Eligibility of VA Refinance Loans under the Economic Growth, Regulatory Relief, and Consumer Protection Act, S.2155

On May 24, 2018, the President of the United States signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (S.2155 / P.L. 115-174). The Act prohibits Ginnie Mae from guaranteeing securities backed by certain loans. As part of the implementation of the prohibition in the “Loan Seasoning for Ginnie Mae Mortgage-Backed Securities” provision in the Act, Ginnie Mae is hereby implementing additional pooling eligibility requirements. The implementation of the Act in the Ginnie Mae multi-class securities program will be addressed in a separate announcement.

### **New Pooling Eligibility Criteria**

Effective with mortgage-backed securities guaranteed on or after June 1, 2018, a refinance loan insured or guaranteed under the United States Department of Veteran Affairs benefit program in chapter 37 of title 38 of the United States Code is eligible for Ginnie Mae securities only if it meets the following condition.

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

- a) the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and
- b) the date on which 6 full monthly payments have been made on the mortgage being refinanced.

### **Impact on Security Issuances Dated June 1, 2018 or Later**

Refinances, including refinances that bear a note date prior to the date of this announcement, that do not meet the condition implemented by the Act and announced in this memorandum are not eligible for inclusion in any new pool or loan package in the Ginnie Mae I or the Ginnie Mae II MBS Program.

Ginnie Mae understands that some Issuers have already certified pools and loan packages for June 2018 issuances, which may contain loans that do not meet the seasoning requirements implemented by the Act and reflected on this memorandum.



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Ginnie Mae's Office of Issuer and Portfolio Management will be contacting any impacted Issuers ahead of the June 1<sup>st</sup> issuance date to provide additional guidance on curing any pools or loan packages that have become defective as a result of the recently enacted statutory prohibition.

Notwithstanding the foregoing, Issuers are required to review and evaluate the eligibility of any VA Refinances submitted with any pools or loan packages scheduled for June delivery or later. Issuers may also contact the Pool Processing Agent, at (800) 234-4662 Option 1, to determine status of pools in the pipeline.

### **Impact on Security Issuances Dated May 1, 2018 or Earlier**

Refinances that do not meet the seasoning condition implemented by the Act and announced in this memorandum remain eligible collateral for securities that were previously issued with a date of May 1, 2018, or earlier, assuming they meet all other pooling and program requirements. The Ginnie Mae guaranty attached to any security issued with a date of May 2018 or earlier is not affected by the Act or this memorandum, even if such security is backed by one or more pools or loan packages containing refinances that do not meet the condition implemented by the Act.

Chapter 24 of the MBS Guide has been amended effective immediately in accordance with this announcement. Ginnie Mae will publish a subsequent memorandum announcing new document custodian certification requirements for VA refinance loans.

Please contact your Account Executive in the Office of Issuer and Portfolio Management directly or at (202) 708-1535 with any questions.