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REFINANCING VA MODIFIED LOANS

Definition of "Modified Loan"

The term "Modified Loan" refers to a mortgage loan that has undergone a rate and/or term modification pursuant to a duly executed loan modification agreement under UHM's loss mitigation program. At pooling, Modified Loans are regarded as new loans and judged on the modified terms under which the loans were pooled. This means the 210-day seasoning rule must be applied.

Ginnie Mae Seasoning Requirements for Modified Loans

Ginnie Mae seasoning requirements must be met on all government streamline or cash-out refinance transactions, including all VA refinances.

Specific to VA refinances, IRRRL and full doc, the Note date of the (new) refinance loan must be on or after, the later of the date:

- On which at least six modified payments have been made on the mortgage being refinanced, and
- The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced.

On loans with modifications, the above seasoning requirements are applied to the dates after the modification has been completed (e.g., the date that is 210 days after the first *modified* monthly payment due date on the loan being refinanced).

Please refer to the specific government product descriptions for complete details on when seasoning is required.

Best Practices for Loan Modifications

Many loan modifications are not reported. Partners are encouraged to:

- Ask all borrowers if any modification has been completed within the last 12 months
- Review for red flags, including but not limited to:
 - Mortgage tradeline reports as "Impacted by a Natural Disaster"
 - Mortgage tradeline reports as "Impacted by COVID-19"
 - Mortgage tradeline reports as "Deferred"
 - Mortgage tradeline reports as "In Forbearance"
 - Mortgage tradeline reports as "Partial Payments being Made"
 - Mortgage tradeline trending report shows missed payments
 - Mortgage tradeline trending report showed a change in monthly payments
 - Mortgage tradeline shows current balance greater than original balance
 - Mortgage Statement shows past due amounts owing
 - Mortgage Statement references a note modification and/or adjustment of payments
 - Borrower's letter of explanation references the mortgage being deferred, in forbearance, etc.
 - Preliminary title report shows a modification