

Clarification

Seasoning Requirements for FHA/VA/USDA Refinances

Ginnie Mae, the investor for FHA and VA transactions, issued (All Participant Memorandum) [APM 17-06](#) on December 7, 2017, which addresses new Ginnie Mae requirements for FHA and VA cash-out refinance transactions and FHA Streamline and VA IRRRL credit and non-credit qualifying transactions. Several of the Ginnie Mae requirements are more restrictive than FHA, VA and USDA; as such, both FHA/VA/USDA and Ginnie Mae requirements will need to be met in order to ensure compliance.

The new Ginnie Mae requirements do not apply to FHA rate and term credit qualifying transactions, including Simple Refinances.

Subsequent APM's issued are as follows:

- [APM 18-04](#)
- [APM 19-03](#)
- [APM 19-05](#)
- [APM 21-06](#) *Provides the most recently issued guidance related to seasoning as it pertains to loan modifications. For all refinances that have been modified, the seasoning requirement is to be measured from the "first payment due date listed on the modification agreement instead of from the first payment due date on the original note" and thus, seasoning requirement will be met as described below and are effective immediately.*

Cardinal Financial will ensure compliance with all seasoning, payment history and date requirements by ensuring our mortgage operations and underwriting team use Octane's Smart Document "**Evidence of Compliance - Transaction Seasoning**" to house all artifacts such as payment history documentation, original note documentation, mortgage statements, payoff documentation to clearly demonstrate the first payment date, calculation of full months and finally days since the last transaction.

Forbearance and Loan Modification

Term	Definition
Forbearance	<p>A Loan Forbearance is a change to one or more terms of a Borrower's Mortgage repayment agreement, <i>without</i> a change to the terms of the original Note.</p> <p>Forbearance Plans may allow for a period of reduced or suspended payments and may provide specific terms for repayment.</p>
Loan Modification	<p>A Loan Modification is a permanent change to the repayment terms of the original Note. A loan modification is not a new note, nor is it a replacement of the original note, but is simply an addendum to the original document, changing the terms as agreed.</p> <p>Modifications may include a change to the terms of repayment to reduce the monthly obligation, to extend the term of the original loan, to reduce an interest rate, and/or to forbear or reduce the principal balance.</p>

VA Cash-Out Refinance

	Current Guidelines	GNMA Requirements	Combined Requirements to Be Met
VA Cash-Out Type 1 and Type 2 Refinance	<ul style="list-style-type: none"> ● A minimum of six (6) monthly payments must have been made on the original loan being refinanced, and ● A minimum of 210 calendar days must have passed between the first payment posting/made date of the original loan (loan being refinanced) and the Note Date of the new transaction. 	<ul style="list-style-type: none"> ● A minimum of six (6) consecutive payments must have been made on the original loan being refinanced prior to the Note date of the new refinance, and ● A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the Note Date of the new transaction. ● For refinance of a modified mortgage, the Note date of the new refinance mortgage must be on or after the later of: <ul style="list-style-type: none"> ○ The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and ○ The date on which 6 modified payments have been made on the mortgage being refinanced ○ This policy does not apply to One-time Close Construction to Permanent loan modifications. ● Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification. 	<ul style="list-style-type: none"> ● A minimum of six (6) consecutive monthly payments must have been made on the original loan being refinanced prior to the Note date of the new refinance, AND ● A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the new Note date of the new refinance, AND ● Payment cannot be prepaid in advance of the due date to meet the loan seasoning requirement (the 6th payment cannot be made through loan closing), AND ● As outlined within Circular 26-19-05 if the loan being paid off has a closing date within one year (12 months), a payment ledger, account history, verification of mortgage or credit supplement must be provided to document all payments made since the first payment due date. ● As outlined within Circular 26-19-05 the payment ledger, account history, verification of mortgage or credit supplement must further confirm that 6 consecutive payments were posted and that the most recent 6 months of payments were all made on time. ● Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification.

One-time Close Construction to Permanent Loan

Seasoning for an existing loan which originated as a One Time Close (OTC) transaction will need to be measured from the first payment date of the fully amortized payment. The first payment date is considered the date of the payment due following modification of the loan from the interest only period to the fully amortized payment.

VA IRRRL

	Current Guidelines	GNMA Requirements	Combined Requirements to Be Met
<p>VA IRRRL Credit and Non-Credit Qualifying Refinance</p>	<ul style="list-style-type: none"> ● A minimum of six (6) payments must have been made on the loan being refinanced, and ● The Note Date of the new loan must be at least six (6) months from the Note date on the existing loan, and ● The borrower cannot prepay the loan in order to meet the seasoning requirement (the 6th payment cannot be made through loan closing) 	<ul style="list-style-type: none"> ● A minimum of six (6) consecutive payments must have been made on the original loan being refinanced, and ● A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the Note Date of the new transaction. ● Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification. 	<ul style="list-style-type: none"> ● A minimum of six (6) consecutive payments must have been made on the original loan being refinanced prior to the Note date of the new refinance, AND ● The Note date of the new loan must be at least (6) months from the Note date on the existing loan, AND ● A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the Note Date of the new transaction, AND ● The borrower cannot prepay the loan in order to meet the seasoning requirement (the 6th payment cannot be made through loan closing) AND ● If the loan being paid off has a closing date within one year (12 months), a payment ledger, account history, verification of mortgage or credit supplement must be provided to indicate that 6 consecutive payments were posted and that the most recent 6 months of payments were all made on time. ● Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification.

FHA Refinances

	Current Guidelines	GNMA Requirements	Combined Requirements to Be Met
FHA Cash-Out Refinance	<ul style="list-style-type: none"> • A minimum of six (6) payments have been made on the original loan, and • The borrower must have owned and occupied the property as their primary residence for a minimum of twelve (12) months prior to case number assignment (does not apply to inherited properties) 	<ul style="list-style-type: none"> • A minimum of six (6) consecutive payments must have been made on the original loan being refinanced, and • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification. 	<ul style="list-style-type: none"> • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan AND • The borrower must document that all payments for the mortgage were paid within the month due for the previous twelve (12) months or since the borrower obtained the mortgage, whichever is less AND • A minimum of six (6) consecutive payments must have been made on the original loan being refinanced prior to the Note date of the new refinance AND • The borrower must have owned and occupied the property as their primary residence for a minimum of twelve (12) months prior to the Case Number Assignment (does not apply to inherited properties). • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification.
FHA Streamline Refinance (Credit and Non-Credit Qualifying)	<ul style="list-style-type: none"> • The borrower must have made a minimum of six (6) payments on the FHA mortgage being refinanced at the time of the case number assignment, and • A minimum of six (6) months have passed since the first payment due date at the time of the case number assignment, and • A minimum of 210 days have passed from the closing date of the mortgage being refinanced and case number assignment for 	<ul style="list-style-type: none"> • A minimum of six (6) consecutive payments must have been made on the original loan being refinanced, and • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification. 	<p>On the date of the case number assignment the following must all be met:</p> <ul style="list-style-type: none"> • The borrower must have made a minimum of six (6) payments on the FHA mortgage being refinanced at the time of the Case Number Assignment, AND • A minimum of 210 days have passed from the closing date of the mortgage being refinanced and the Case Number Assignment for the new loan (i.e. the case number cannot be requested until the 211th day from the closing date), AND • A minimum of six (6) full months have passed since the first payment due date at the time of

	<p>the new loan (i.e. the case number cannot be requested until the 211th day from the closing date)</p>		<p>the Case Number Assignment and this is defined as full calendar months from the first payment date to completion of the 6th full calendar month. The calendar month count starts at the first payment date month and we would count through 6 months with the calendar month concluding at the finish of the 6th month.</p> <p>In addition:</p> <ul style="list-style-type: none"> • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification.
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- If the borrower assumed the mortgage that is being refinanced, they must have made six payments since the time of assumption
- The FHA will not issue a case number for a Streamline Refinance where the existing mortgage to be paid is a 203(k) and the rehabilitation escrow close has not been completed
- A minimum of 3 years from the foreclosure (sheriff's) sale date to the Case Number Assignment date is required for both foreclosure and deed-in-lieu of foreclosure on AUS approved and manually underwritten transactions. Exceptions may be allowed for a foreclosure date that is less than 3 years from the Case Number Assignment date if extenuating circumstances can be documented. Foreclosure sales dated less than 12 months from the Case Number Assignment date are ineligible.

One-time Close Construction to Permanent Loan

Seasoning for an existing loan that originated as a One-Time Close (OTC) transaction will need to be measured from the first payment date of the fully amortized payment. The first payment date is considered the date of the payment due following modification of the loan from the interest-only period to the fully amortized payment.

USDA Refinances

	Current Guidelines	GNMA Requirements	Combined Requirements to Be Met
USDA Streamline	<ul style="list-style-type: none"> • A minimum of twelve (12) months must have passed between the closing date of the USDA mortgage being refinanced prior to the conditional commitment request date to USDA. • The borrower must have owned and occupied the property as their primary residence for a minimum of twelve (12) months prior to the conditional commitment request date to USDA. 	<ul style="list-style-type: none"> • A minimum of six (6) consecutive payments must have been made on the original loan being refinanced, and • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification. 	<p>On the date of the conditional commitment, the request is made to USDA, the following must all be met:</p> <ul style="list-style-type: none"> • The borrower must document that the payments for their mortgage were paid within the month due for the six (6) months preceding the request for the conditional commitment request to USDA AND • The borrower must have owned and occupied the property as their primary residence for a minimum of twelve (12) months prior to the conditional commitment request date to USDA AND <ul style="list-style-type: none"> • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must all of the above meet seasoning requirements beginning with the first payment due date after the modification.
USDA Streamline Assist	<ul style="list-style-type: none"> • A minimum of twelve (12) months must have passed between the closing date of the USDA mortgage being refinanced prior to the conditional commitment request date to USDA. • The borrower must have owned and occupied the property as their primary 	<ul style="list-style-type: none"> • A minimum of six (6) consecutive payments must have been made on the original loan being refinanced, and • A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above 	<p>On the date of the conditional commitment request is made to USDA, the following must all be met:</p> <ul style="list-style-type: none"> • The borrower must document that the payments for their mortgage were paid within the month due for the twelve (12) months preceding the request for the conditional commitment request to USDA AND

	<p>residence for a minimum of twelve (12) months prior to the conditional commitment request date to USDA.</p>	<p>seasoning requirements beginning with the first payment due date after the modification.</p>	<ul style="list-style-type: none"> • The borrower must have owned and occupied the property as their primary residence for a minimum of twelve (12) months prior to the conditional commitment request date to USDA. • AND A minimum of 210 calendar days must have passed between the first payment due date of the original loan (loan being refinanced) and the first payment due date of the new loan • Loans that have been modified must meet all of the above seasoning requirements beginning with the first payment due date after the modification.
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Establishing the seasoning criteria for government refinances can be challenging. Below is a table intended to help our loan team use documents that may be available to establish an estimate of seasoning based on the first payment date that early in the process might not be identifiable using the underlying note. Please be advised the deed of trust is a guide on our loan maturation but is not the definite establishment of a first payment date. A borrower and lender may agree upon an interest credit or early first payment date, and the first payment date could vary despite a shared maturity date.

- Often Mortgage Statements and Payoff documents contain the “maturity” date which will allow you to work backward to your first payment date.

Account Information	
Outstanding Principal Balance	\$414,656.04
Current Escrow Account Balance	\$4,707.64
Maturity Date	August 2049
Interest Rate	4.750%
Prepayment Penalty	No

- The note indicates the first payment date

3. PAYMENTS

(A) Time and Place of Payments. I will pay principal and interest by making a payment every month.

I will make my monthly payment on the first (1st) day of each month beginning on December 1, 2019. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on November 1, 2049, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the “Maturity Date.”

I will make my monthly payments at P.O. Box 0054, Palatine, IL 60055-0054 or at a different place if required by the Note Holder.

12/1/202119	6/1/202220
1/1/2022120	7/1/202220
2/1/2022	8/1/2022
3/1/2022	9/1/2022
2/1/202220	8/1/202220

First Payment Date Reverse - 30 Year Fixed		
Deed or Mortgage Statement Shows Maturity Date:	That Means First Payment Date Was:	Case Number Assign Date Must be On or After this date to meet 6 Full Months
11/1/2049	12/1/2019	6/1/2020
10/1/2049	11/1/2019	5/1/2020
9/1/2049	10/1/2019	4/1/2020
8/1/2049	9/1/2019	3/1/2020
7/1/2049	8/1/2019	2/1/2020
6/1/2049	7/1/2019	1/1/2020
5/1/2049	6/1/2019	12/1/2019
4/1/2049	5/1/2019	11/1/2019
3/1/2049	4/1/2019	10/1/2019
2/1/2049	3/1/2019	
1/1/2049	2/1/2019	
2/1/2049	3/1/2019	
3/1/2049	4/1/2019	
4/1/2049	5/1/2019	
5/1/2049	6/1/2019	
6/1/2049	7/1/2019	
7/1/2049	8/1/2019	
8/1/2049	9/1/2019	
9/1/2049	10/1/2019	
10/1/2049	11/1/12019	
11/1/2049	12/1/2019	
12/1/2049	1/1/2020	
1/1/2050	2/1/2020	

2/1/2050	3/1/2020	
3/1/2050	4/1/2020	
4/1/2050	5/1/2020	