



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

December 14, 2005

APM 05-21

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Michael J. Frenz, Executive Vice President

SUBJECT: Increase in Allowable VA Pooling Loan Limits

As part of our continuing effort to support homeownership opportunities for America's veterans and their families, Ginnie Mae is increasing the maximum loan amount for loans guaranteed by the Department of Veterans Affairs ("VA") that are eligible to be placed in Ginnie Mae pools. Effective with pool issuances on or after January 1, 2006, the maximum VA loan amount eligible for pooling will be increased to the maximum loan amount for conforming home mortgages.

Conforming loans are mortgage loans that meet the purchase criteria of Freddie Mac or Fannie Mae. Pursuant to Section 302(b)(2) of the National Housing Act, and Section 305(a)(2) of the Emergency Home Finance Act of 1970, as amended, the maximum original loan amount for conforming home mortgages as of January 1, 2006, is \$417,000 for all states and territories with the exception of Alaska, Hawaii, Guam and the U.S. Virgin Islands, where the limit is \$625,500. As conforming loan limits are adjusted, the maximum VA loan amount eligible for pooling will change, accordingly. As a reminder, the maximum VA loan amount, including the VA Funding Fee, cannot exceed the conforming loan limit.

Ginnie Mae will continue to require that the amount of cash down payment, plus the amount of the available VA guaranty, equal at least 25% of the lesser of the purchase price or the Notice of Reasonable Value. For example, with the exception of properties located in Alaska, Hawaii, Guam and the U.S. Virgin Islands, a VA guaranteed loan in the amount of \$417,000 may be pooled if the VA guaranty plus the veteran's cash down payment and/or equity is no less than \$104,250. With respect to properties located in Alaska, Hawaii, Guam and the U.S. Virgin Islands only, a VA guaranteed loan in the amount of \$625,500 may be pooled if the VA guaranty plus the veteran's cash down payment and/or equity is no less than \$156,375.

Additional information related to pooling of VA loans may be found in Section 24-2(A)(3) of Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev. 1, and may be accessed on Ginnie Mae's web site at www.ginniemae.gov.

In order to pool VA loans with the higher loan limits, issuers are required to install GinnieNET, Version 6.2.2, which has been sent to your information technology representative.

If you have any questions regarding this memorandum, please contact your Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.