LOAN MODIFICATIONS
FREQUENTLY ASKED QUESTIONS

QUESTIONS OF INTEREST TO BORROWERS AND ISSUERS

My servicer told me that only Ginnie Mae could modify my loan. Is that true?

No. Ginnie Mae does not modify loans. The loss mitigation/loan modification process is managed by the Issuer or Servicer according to the guidelines of the loan-insuring or loan-guaranteeing agency. Ginnie Mae guarantees investors of Ginnie Mae securities the timely payment of principal and interest. Ginnie Mae does not insure or guarantee individual loans.

If Ginnie Mae is listed as the investor in MERS, does that mean that Ginnie Mae can modify my loan?

No. Ginnie Mae is the guarantor of Ginnie Mae MBS. Although Ginnie Mae is listed as the “investor” on the MERS electronic registry, this designation is for the purpose of allowing Ginnie Mae to notify and instruct MERS when there is an Issuer default. Although MERS uses this terminology on its systems, Ginnie Mae is not an investor. Ginnie Mae does not buy or sell home mortgages, nor is it the investor or owner of the securities it guarantees.

Does Ginnie Mae have to approve my loan modification?

No. Unfortunately, some Servicers are incorrectly advising borrowers that Ginnie Mae must approve all loss mitigation and loan modification activities. All loan modifications must comply with the program requirements of the agency that insures or guarantees the loan and must be executed by the loan servicer. The agencies operate through loan insurance or guaranty programs that back up the borrower’s obligation to pay the mortgage loan at the loan level. Those agencies are listed in the table below.

Insuring/Guaranteeing Agency	Phone number
Federal Housing Administration	888-297-8685
Veteran Affairs	877-827-3702
Rural Development	800-670-6553
Public and Indian Housing	800-561-5913

Does Ginnie Mae have a loss mitigation loan program?

No. The collateral for Ginnie Mae-guaranteed securities consists of loans insured or guaranteed by the Federal Housing Administration (FHA), Veterans Affairs (VA), Rural Development (RD), or Public and Indian Housing (PIH). It is the agency that insures or guarantees the loan that will provide loss mitigation options.

Who services my loan if it becomes delinquent?

Issuers must service delinquent mortgages, manage foreclosures and/or process assignments in accordance with applicable servicing and claims collection requirements of the mortgage insurance or guaranty agency, the applicable Guaranty Agreement, and accepted mortgage lending and servicing practices, ethics, and standards.

Which loan-insuring agencies offer a Home Affordable Modification Program (HAMP) program?

FHA has a HAMP program, which is discussed below. VA recently introduced its HAMP program; see VA Circular 26-10-02 . While RD and PIH do not have HAMP programs they do offer a wide range of loss mitigation options to help borrowers stay in their homes.

Who do I contact to get more information on loan modification options?

Borrowers must work with their loan servicers to determine options for loan modification. For additional information from the agency insuring or guaranteeing the loan, call the appropriate number shown above.

QUESTIONS OF INTEREST TO ISSUERS

What is Ginnie Mae's General Buyout Policy?

Loans backing Ginnie Mae securities generally may be repurchased from a pool only if the borrower fails to make any payment for three consecutive months. See examples 1 and 2. See also Chapter 18 of the Ginnie Mae MBS Guide for more details.

Example 1	**General Buyout Policy**			
	Month 1	Month 2	Month 3	Month 4
Mortgage Payment Due	$1,000	$1,000	$1,000	**Eligible for buyout**
Amount Paid	0	0	0	
No payment received				

Example 2	**General Buyout Policy**			
	Month 1	Month 2	Month 3	Month 4
Mortgage Payment Due	$1,000	$1,000	$1,000	**Not Eligible for buyout**
Amount Paid	0	$500	0	
Partial payment received				

What is Ginnie Mae's Buyout Policy for loans eligible for FHA's Home Affordable Modification Program (FHA-HAMP)?

Under FHA-HAMP loans may be bought out of a pool if the borrower is approved for a trial modification and the loan is in a continuous period of default for more than 90 days. At least a 30-day delinquency period must exist before the 90-day default period begins. See Ginnie Mae MBS Guide Section 18-3(B)(1)(d). For purposes of FHA-HAMP, the 90-day default is deemed to include ongoing delinquencies resulting from trial modification payments received from a borrower during the trial modification period, where the payments are less than those required under the original loan. The time period as to when the loan can be bought out of the Ginnie Mae pool varies depending on whether the borrower is delinquent or current when they apply for the trial modification. Both of the below examples assume that the borrower made the lower agreed upon payments and the loan modifications are approved by the lender.

In example A, the borrower is already delinquent when he/she applies for the loan modification. Therefore only a three month trial modification period is required. The loan can be bought out of the Ginnie Mae pool in month 4.

FHA-HAMP Buyout Policy				
Example A - Borrower is delinquent				
	Month 1	Month 2	Month 3	Month 4
Mortgage Payment Due	$1,000	$1,000	$1,000	**Eligible for buyout at end of trial modification period**
Amount Paid per Modification	$750	$750	$750	
	In continuous period of default (90-days)			

In example B, the borrower is current but facing imminent default when he/she applies for the loan modification. Therefore a four month trial modification period is required. The first 30-days meets the loan delinquency requirement, and the last 90-days meets the required 90-day default period. Since the borrower is current when applying for the loan modification, the loan cannot be bought out of the Ginnie Mae pool until month 5.

FHA-HAMP Buyout Policy					
Example B - Borrower is current but facing imminent default*					
	Month 1	Month 2	Month 3	Month 4	Month 5
Mortgage Payment Due	$1,000	$1,000	$1,000	$1,000	**Eligible for buyout at end of trial modification period**
Amount Paid per Modification	$750	$750	$750	$750	
	Delinquent for the first 30-days	**In continuous period of default (90-days)**			

** Borrowers that are current and have a documented need to have a reduced mortgage payment can qualify for the program by entering into a trial modification for the reduced payment amount. With the reduced payment amount provided for in the modification agreement, the loan will be delinquent for the first 30-days and then will be in default for 90-days.*

As an Issuer can I repool a modified loan?

Yes. A loan may be repooled as long as the loan meets all of Ginnie Mae's pooling requirements.

How do I identify this loan as loss mitigation when re-pooling?

When re-pooling a loan, all "current" terms in the loss mitigation loan should be submitted via Ginnie*NET* on the HUD Form 11706 Schedule of Pooled Mortgages. If a loan has been modified for data element "Loan Purpose", the Issuer should select Value 3 = Loss Mitigation.

Loan Purpose Options:
- Value 1 = Purchase
- Value 2 = Refinance
- Value 3 = Loss Mitigation
- Value 4 = Other

Which modified values do I submit via Ginnie*NET* on the HUD Form11706 Schedule of Pooled Mortgages?

When repooling a loss mitigation loan, the loan is treated as a new loan in the Ginnie*NET* system. Therefore, when submitting the loan, all "current" terms in the loss mitigation loan should be submitted via Ginnie*NET* on the HUD Form 11706 Schedule of Pooled Mortgages.

Which removal reason code should be used when the loan is reported as liquidated?

When completing the Issuer Monthly Report of Pool and Loan Data, Issuers should use reason code #4, which is "loss mitigation" to report the liquidation. The file layout for the Issuer Monthly Report of Pool and Loan Data can be found in Appendix VI-19 of the Ginnie Mae MBS Guide.

My borrower did not qualify for FHA-HAMP. Are there any other alternatives?

Yes. FHA, VA, RD and PIH each provide loss mitigation options. Issuers should become familiar with the loss mitigation alternatives that are currently available and contact the appropriate agency.

What if our servicing guidelines apply a trial modification payment to the previous month, resulting in a 30 day delinquency; can the loan be repurchased per the FHA-HAMP buyout policy?

Under FHA-HAMP loans may be bought out of a pool if the borrower is approved for a trial modification and the loan is in a continuous period of default for more than 90 days. Ginnie Mae MBS Guide Section 18-3(B)(1)(d). Even if a payment made under the modification agreement is applied to the loan and the date of default is advanced, the loan is still in default because all payments required under the original loan terms have not been made.

QUESTIONS OF INTEREST TO DOCUMENT CUSTODIANS AND ISSUERS

As a document custodian what additional documentation is required for an initial and final certification?

Anytime a loan modification changes a term on the mortgage, an endorsement must be obtained.

While Issuers are prohibited from modifying the terms of loans held in Ginnie Mae pools that affect the amount or duration of loan payments, certain loss mitigation strategies, such as Special Forbearance and Partial Claim options described in FHA loss mitigation guidance do not alter the terms of the loans. These loss mitigation strategies may be accomplished without repurchasing the delinquent loan from the pool.

Modification Agreement to the Note: The original (unrecorded) modification agreement is required for initial certification.

Modification Agreement to the Note and Security Instrument: If the original, recorded modification agreement is not available at the time of initial certification, a "lender certified copy" of the original sent for recordation is acceptable. The original, recorded modification agreement is then required for final certification.

Modification Agreement to the Security Instrument: If the original, recorded modification agreement is not available at the time of initial certification, a "lender certified copy" of the original sent for recordation is acceptable. The original, recorded modification agreement is required for final certification.