

# FHA Streamline Refinance

## Streamline Refinance (including High Balance)

### Minimum Credit Score 600

Units	Maximum Base LTV	Total LTV including UFMIP	Maximum CLTV w/Sec Fin from Govt. Agency/Non-Profit considered an instrumentality of government	Maximum CLTV w/Sec Fin from a Non-Profit Govt. Agency not considered an instrumentality of government
1 - 4	N/A	N/A	N/A	N/A

### Upfront and Monthly MIP Term > 15 Years

Base Loan Amount	LTV	UFMIP	Monthly	Duration
≤ \$625,500	> 95.00%	1.75%	0.85%	Mortgage Term
≤ \$625,500	90.01 – 95.00%	1.75%	0.80%	Mortgage Term
≤ \$625,500	≤ 90.00%	1.75%	0.80%	11 years
> \$625,500	> 95.00%	1.75%	1.05%	Mortgage Term
> \$625,500	90.01 – 95.00%	1.75%	1.00%	Mortgage Term
> \$625,500	≤ 90.00%	1.75%	1.00%	11 years

### Upfront and Monthly MIP Term ≤ 15 Years

Base Loan Amount	LTV	UFMIP	Monthly	Duration
≤ \$625,500	> 90.00%	1.75%	0.70%	Mortgage Term
≤ \$625,500	≤ 90.00%	1.75%	0.45%	11 years
> \$625,500	> 90.00%	1.75%	0.95%	Mortgage Term
> \$625,500	78.01 - 90.00%	1.75%	0.70%	11 years
> \$625,500	≤ 78.00%	1.75%	0.45%	11 years

- For the purpose of calculating the MIP, FHA uses the original value of the property to calculate the LTV.
- UFMIP must be 100% financed into the mortgage or paid entirely by cash. Partial financing is not allowed.
- Monthly Mortgage Insurance is required on all loans regardless of LTV or Loan Term.

### Upfront and Monthly MIP Streamline Refinance

Case number endorsed	LTV	UFMIP	Monthly	Duration
On or before May 31, 2009	> 90.00%	0.01%	0.55%	Mortgage Term
	≤ 90.00%	0.01%	0.55%	11 years
After May 31, 2009	See Applicable Chart Above			

In order to determine the endorsement date a case query must be provided on the previous case number.

## General Information

<b>General Information</b>	<p>General information applicable to <b>all</b> Streamline Refinances</p> <ul style="list-style-type: none"> <li>• Seasoning Requirements - On the date of the FHA case number assignment: <ul style="list-style-type: none"> <li>○ The borrower must have made at least six payments on the FHA-insured mortgage that is being refinanced (where the FHA-insured mortgage has been modified, the borrower must have made at least six payments under the modification agreement);</li> <li>○ At least six full months must have passed since the first payment due date of the mortgage that is being refinanced;</li> <li>○ At least 210 days must have passed from the Closing Date of the mortgage that is being refinanced; and</li> </ul> <p><b>Note:</b> Must also meet the following Ginnie Mae seasoning requirements:</p> <ul style="list-style-type: none"> <li>▪ the first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the refinanced loan.</li> </ul> </li> <li>○ If the borrower assumed the mortgage that is being refinanced, they must have made six payments since the time of assumption.</li> </ul> <li>• The maximum amortization period is limited to the lesser of: <ul style="list-style-type: none"> <li>○ The remaining amortization period of the existing mortgage plus 12 years; or</li> <li>○ 30 years.</li> </ul> </li> <p>Example: Mortgage being refinanced was closed on or before December 1, and the borrower's first payment on that mortgage was due on January 1, the lender may request assignment of an FHA case number for the refinance no earlier than July 1.</p>
<b>Application (URLA)</b>	<p><b>Credit Qualifying</b> The loan application must be fully completed; an abbreviated URLA is not allowed. (Employment must be stated but no income).</p> <p><b>Non-Credit Qualifying</b> An abbreviated URLA may be used. All sections of the abbreviated URLA must be completed with the exception of the following:</p> <ul style="list-style-type: none"> <li>• <b>Section 1: Borrower Information.</b> <ul style="list-style-type: none"> <li>○ 1b, 1c, 1d - Employment information is required however, income is not entered.</li> <li>○ 1e - Does not apply. Do not complete.</li> </ul> </li> <li>• <b>Section 2: Financial Information – Assets and Liabilities.</b> <ul style="list-style-type: none"> <li>○ Do not complete, <b>except</b> if cash to close in an amount above the total mortgage payment is needed, must document and verify adequate cash to close.</li> </ul> </li> <li>• <b>Section 3: Financial Information.</b> <ul style="list-style-type: none"> <li>○ 3a, 3b, 3c - Must be completed however, income is not entered.</li> </ul> </li> <li>• <b>Section 4: Loan and Property Information.</b> <ul style="list-style-type: none"> <li>○ Only 4a must be completed.</li> </ul> </li> <li>• <b>Section 5: Declarations.</b> <ul style="list-style-type: none"> <li>○ Only 5a.A. must be completed (5a.B-E and 5b are not completed).</li> </ul> </li> </ul>
<b>Underwriting</b>	<p>All Streamline Refinances must be manually underwritten.</p> <ul style="list-style-type: none"> <li>• A signed and dated verbal verification of employment is required confirming borrowers are employed and earning income at time of loan application.</li> </ul> <p>Refer to Community Wholesale Lending FHA Product Guidelines</p>
<b>Borrower Eligibility</b>	
<b>Citizenship</b>	<ul style="list-style-type: none"> <li>• U.S. citizenship is not required for mortgage eligibility.</li> </ul>
<b>LDP / SAM</b>	<ul style="list-style-type: none"> <li>• The lender must check the HUD <a href="#">Limited Denial of Participation (LDP)</a> list to confirm the borrower's eligibility to participate in an FHA-insured mortgage transaction.</li> <li>• The lender must also check the System for Award Management (SAM) (<a href="http://www.sam.gov">www.sam.gov</a>) and must follow appropriate procedures defined by that system to confirm eligibility for participation.</li> </ul>
<b>Net Tangible Benefit</b>	<p>A net tangible benefit is required on all Streamline Refinance loans. A Net Tangible Benefit is defined as a reduced combined rate, a change from an ARM to a fixed rate Mortgage, and/or a reduced term that results in a financial benefit to the borrower.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>• <b>Combined Rate</b> refers to the interest rate on the mortgage plus the mortgage insurance premium (MIP) rate.</li> <li>• <b>Reduction in Term</b> refers to the reduction of the remaining amortization period of the existing mortgage.</li> </ul>

<b>Net Tangible Benefit (cont.)</b>	<p><b><u>Refinance without a Term Reduction</u></b>  The lender must determine that there is a net tangible benefit to the borrower meeting the standards in the chart below for all Streamline Refinance transactions without a reduction in term.</p> <table border="1" data-bbox="386 233 1511 646"> <thead> <tr> <th rowspan="2">From</th> <th colspan="3">To</th> </tr> <tr> <th>Fixed Rate New Combined Rate</th> <th>One-Year ARM New Combined Rate</th> <th>Hybrid ARM New Combined Rate</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate</td> <td>At least 0.5 percentage points below the prior Combined Rate.</td> <td>At least 2 percentage points below the prior Combined Rate.</td> <td>At least 2 percentage points below the prior Combined Rate.</td> </tr> <tr> <td>Any ARM with &lt; 15 Months to Next Payment Change Date</td> <td>No more than 2 percentage points above the prior Combined Rate.</td> <td>At least 1 percentage point below the prior Combined Rate.</td> <td>At least 1 percentage point below the prior Combined Rate.</td> </tr> <tr> <td>Any ARM with ≥ 15 Months to Next Payment Change Date</td> <td>No more than 2 percentage points above the prior Combined Rate.</td> <td>At least 2 percentage points below the prior Combined Rate.</td> <td>At least 1 percentage point below the prior Combined Rate.</td> </tr> </tbody> </table> <p><b><u>Standard for Refinance with a Term Reduction</u></b>  The lender must determine that there is a net tangible benefit to the borrower meeting the standards in the chart below for all Streamline Refinance transactions with a reduction in term.</p> <p>Additionally, the combined principal, interest, and MIP payment of the new mortgage must not exceed the combined principal, interest, and MIP payment of the refinanced mortgage by more than \$50.</p> <table border="1" data-bbox="386 867 1511 1281"> <thead> <tr> <th rowspan="2">From</th> <th colspan="3">To</th> </tr> <tr> <th>Fixed Rate New Combined Rate</th> <th>One-Year ARM New Combined Rate</th> <th>Hybrid ARM New Combined Rate</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate</td> <td>Below the prior Combined Rate</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Any ARM with &lt; 15 Months to Next Payment Change Date</td> <td>No more than 2 percentage points above the prior Combined Rate.</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Any ARM with ≥ 15 Months to Next Payment Change Date</td> <td>No more than 2 percentage points above the prior Combined Rate.</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>				From	To			Fixed Rate New Combined Rate	One-Year ARM New Combined Rate	Hybrid ARM New Combined Rate	Fixed Rate	At least 0.5 percentage points below the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.	Any ARM with < 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.	Any ARM with ≥ 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.	From	To			Fixed Rate New Combined Rate	One-Year ARM New Combined Rate	Hybrid ARM New Combined Rate	Fixed Rate	Below the prior Combined Rate	N/A	N/A	Any ARM with < 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	N/A	N/A	Any ARM with ≥ 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	N/A	N/A
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<b>Occupancy</b>	Streamline Refinances may be used for Principal Residence or Non-Owner Occupied Properties. <ul style="list-style-type: none"> <li>The borrower's employment documentation or utility bills must be provided to evidence that the borrower currently occupies the property as their principal residence. <ul style="list-style-type: none"> <li>Example: two current utility bills (other than water), or employment documentation</li> </ul> </li> <li>If documentation cannot be obtained to evidence the borrower occupies the property as their principal residence the loan must be processed as a non-owner occupied property.</li> </ul>																																									
<b>Financing Types</b>																																										
<b>203(k) to 203(b)</b>	A Section 203(k) rehabilitation mortgage may be refinanced into a Section 203(b) mortgage after all work is complete. <p>The rehabilitation work is considered complete by</p> <ul style="list-style-type: none"> <li>A fully executed certificate of completion</li> <li>Closing the rehabilitation escrow account with a final release, and</li> <li>The lender entering the required closeout information into the FHA Connection (FHAC) or its functional equivalent.</li> </ul> <p><b>Note:</b> Before a case number can be ordered for the refinance of a 203(k) mortgage, the previous lender must have completed the section 203(k) closeout processes in FHA Connection.</p>																																									

**Maximum Loan Amount Calculation**

**Owner Occupied**

- The maximum base loan amount is the lesser of:
  - The outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus:
    - Interest due on the existing mortgage;
    - Late chargers;
    - Escrow shortages; and
    - MIP due on existing mortgage; **or**
  - The original principal balance of the existing mortgage (including financed UFMIP);
- Less any refund of UFMIP

**Investment Properties**

- The maximum base loan amount is the lesser of:
  - The outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; or
  - The original principal balance of the existing mortgage (including financed UFMIP);
- Less any refund of UFMIP.

NOTE: In order to include closing costs and pre-pays into the loan amount the loan **MUST** qualify under a regular Rate and Term refinance and is not eligible for a streamline with or without an appraisal.

**Use of Estimates in Calculating Maximum Mortgage Amount**  
 Estimates may be utilized in calculating the maximum mortgage amount to the extent that the total mortgage amount does not result in the borrower receiving greater than \$500 cash back at mortgage disbursement.

Cash to the borrower resulting from the refund of borrowers unused escrow balance from the previous mortgage must not be considered in the \$500 cash back limit whether received at or subsequent to mortgage disbursement. The lender must obtain the payoff statement on the existing mortgage.

**Excess Cash Back**  
 When the estimates utilized in calculating the maximum mortgage amount resulted in greater than \$500 cash back to the borrower at mortgage disbursement, the borrower's outstanding principal balance may be reduced to satisfy the \$500 cash back requirement.

**Qualifying**

**Credit Qualifying**  
 To be eligible for a Credit Qualifying Streamline at least one Borrower from the existing mortgage must remain as a borrower on the new mortgage.

- Full income documentation required.
- Tri Merge credit report required.
- Funds to Close – if the funds to close exceed the total mortgage payment of the new mortgage, the full amount of the borrower's funds to close must be verified.
- Max DTI 31/43%. Ratios exceeding 31/43 may be allowed provided acceptable compensating factors are documented. See table below for requirements.
- No cash back to borrower except for minor adjustments at closing not to exceed \$500.
- AUS not required (do not run AUS, not allowed on streamlines)

Minimum FICO	Max Qualifying Ratio	Acceptable Compensating Factors
600	37/47	<b>One</b> of the following: <ul style="list-style-type: none"> <li>Verified and documented cash reserves;</li> <li>Minimal increase in housing payment; or</li> <li>Residual income</li> </ul>
600	40/40	No discretionary debt
600	40/50	<b>Two</b> of the following: <ul style="list-style-type: none"> <li>Verified and documented cash reserves;</li> <li>Minimal increase in housing payment;</li> <li>Significant additional income not reflected in Effective Income; and/or</li> <li>Residual income</li> </ul>

**Non-Credit Qualifying**  
 A borrower is eligible for a Streamline Refinance without credit qualification if all borrowers on the existing mortgage remain as borrowers on the new mortgage. Mortgages that have been assumed are eligible provided the previous borrower was released from liability. **Exceptions:**

- a borrower on the mortgage to be paid may be removed from title and new mortgage in cases of divorce, legal separation or death when:

<b>Qualifying (cont.)</b>	<ul style="list-style-type: none"> <li>○ The divorce decree or legal separation agreement awarded the property and responsibility for payment to the remaining borrower, if applicable, and</li> <li>○ The remaining borrower can demonstrate that they have made the mortgage payments for a minimum of six months prior to case number assignment.</li> <li>● Individuals may be added to the title and mortgage on a non-credit qualifying Streamline Refinance without a creditworthiness review.</li> <li>● Income and liabilities information are not required.</li> <li>● Funds to Close – if the funds to close exceed the total mortgage payment of the new mortgage, the full amount of the borrower's funds to close must be verified.</li> <li>● Employment must be verified with a Verbal Verification of Employment and must not include income verification.</li> <li>● Credit report required solely to verify minimum score and mortgage history.</li> <li>● No cash back to borrower except for minor adjustments at closing not to exceed \$500.</li> </ul>
<b>Upfront and Annual MIP</b>	<ul style="list-style-type: none"> <li>● For the purpose of calculating the MIP, FHA uses the original value of the property to calculate the LTV for the monthly MIP. The original value of the property can be found on the refinance authorization obtained through FHA Connection. See table above for upfront and annual MIP.</li> </ul>
<b>Credit</b>	
<b>Credit</b>	<ul style="list-style-type: none"> <li>● Minimum 600 FICO</li> <li>● A minimum of 1 credit score is required</li> </ul>
<b>HPML</b>	<ul style="list-style-type: none"> <li>● FHA Safe Harbor are acceptable on all streamlines</li> <li>● QM Rebuttable Presumption loans allowed provided the following are met: <ul style="list-style-type: none"> <li>○ Must be current for 12 months or length of loan <ul style="list-style-type: none"> <li>▪ If length of loan is less than 12 months, must reflect at least 6 month payment history. Less than 6 months is not acceptable.</li> </ul> </li> <li>○ VVOE must be obtained to verify borrower is currently employed, however income information is not needed.</li> </ul> </li> </ul>
<b>Payment History</b>	<p><b>Non-Credit Qualifying</b> The borrower must have made all mortgage payments for all mortgages on the subject property within the month due for the six months prior to case number assignment and have no more than one 30-day late payment for the previous six months for all mortgages on the subject property. The borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement.</p> <p>A borrower who was granted mortgage payment forbearance on the subject property is eligible for a non-credit qualifying Streamline Refinance and considered to have acceptable mortgage payment history provided that, at the time of case number assignment, the borrower has:</p> <ul style="list-style-type: none"> <li>● Completed the forbearance plan on the subject property; and</li> <li>● Made at least three consecutive monthly mortgage payments within the month due on the mortgage since completing the forbearance plan.</li> </ul> <p><b>Credit Qualifying</b> For all mortgages on all properties with less than six months of mortgage payment history, the borrower must have made all payments within the month due.</p> <p>For all mortgages on all properties with greater than six months of mortgage payment history, the borrower must have made all mortgage payments within the month due for the six months prior to case number assignment and have no more than one 30-day late payment for the previous six months.</p> <p>The borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement.</p> <p>A borrower who is still in mortgage payment forbearance at the time of case number assignment, or has made less than three consecutive monthly mortgage payments within the month due since completing the forbearance plan, is eligible for a credit qualifying Streamline Refinance provided the borrower:</p> <ul style="list-style-type: none"> <li>● Made all mortgage payments within the month due for the six months prior to forbearance; and</li> <li>● Had no more than one 30-day late payment for the previous six months.</li> </ul> <p><b>Required Documentation</b> If the mortgage on the subject property is not reported in the borrower's credit report, a verification of mortgage (VOM) must be obtained to evidence payment history for the previous 12 months.</p> <p>Where a mortgage reflects payments under a modification or forbearance plan within the 12 months prior to case number assignment, the lender must obtain:</p>

<b>Payment History (cont.)</b>	<ul style="list-style-type: none"> <li>• A copy of the modification or forbearance plan; and</li> <li>• Evidence of the payment amount and date of payments during the agreement term.</li> </ul> <p>Note: Documentation of a forbearance plan is not required if the forbearance was due to the impacts of COVID-19.</p>
<b>Subordinate Financing</b>	<p>Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the Streamline Refinance. New subordinate financing is permitted only where the proceeds of the subordinate financing are used to:</p> <ul style="list-style-type: none"> <li>• Reduce the principal amount of the existing FHA-insured mortgage, or</li> <li>• Finance the origination fees, other closing costs, prepaid items, or discount points associated with the refinance.</li> </ul> <p>Note: There is no maximum CLTV</p>
<b>Income</b>	
<b>Employment Verification</b>	<ul style="list-style-type: none"> <li>• All loans require a signed IRS Form 4506-C.</li> <li>• Verbal verification of employment is required on all Streamlines.</li> </ul>
<b>Property</b>	
<b>Appraisal</b>	<p>Appraisals are not required on Streamline Refinances. The receipt or possession of an appraisal by the lender does not affect the eligibility or maximum mortgage amount on Streamline Refinances.</p>
<b>Property Type</b>	<p>Eligible Property Type:</p> <ul style="list-style-type: none"> <li>• Primary residence</li> <li>• 1 Unit attached or detached SFR or PUD</li> <li>• Condominiums – condo approval not required <ul style="list-style-type: none"> <li>○ If a condominium project has been withdrawn from FHA connection approved project list FHA will insure only streamline refinances without an appraisal for that condominium project.</li> </ul> </li> <li>• 2-4 units</li> <li>• Investment property</li> </ul> <p>Ineligible Property Type:</p> <ul style="list-style-type: none"> <li>• Manufactured Homes</li> <li>• Co-op's / Condotel</li> <li>• Working Farms</li> <li>• Indian Leasehold</li> <li>• HUD Section 184</li> <li>• Second Homes</li> </ul>