

Revised FHA Streamline Guidelines effective with all case numbers assigned on or 11/18/09.

SEASONING:

At the time of application the borrower must have made at least 6 payments on the mortgage being refinanced.

PAYMENT HISTORY:

For mortgages with a payment history of less than 12 months all of the mortgage payments must have been paid in the month due.

For mortgages with a 12 month payment history or greater the borrower(s) can have no more than **ONE** 30 day late payment in the preceding 12 months, **and** all of the mortgage payments for the three months prior to the application date must have been made within the month due.

NET TANGIBLE BENEFIT:

There must be a net tangible benefit to the borrower(s) as a result of the streamline transaction, See below:

Reduction in Total Mortgage Payment: The new total mortgage payment must be at least 5% lower (rounded down) than the total mortgage payment that is being refinanced. This does not apply to ARM to Fixed rate mortgages.

Refinancing a Fixed Rate to an ARM: A fixed rate mortgage may be refinanced to a one year ARM provided that the new mortgage is at least 2 percentage points below the interest rate on the mortgage being refinanced. Homes that were originally owner occupied and are now being utilized as a second home or investment property are not eligible for refinancing to an ARM.

ARM to a Fixed Rate: The interest rate on the new mortgage cannot be more than 2 percentage points above the current rate for one year ARM. For Hybrid ARMS the total mortgage payment for the new loan may not exceed 20% of the mortgage being refinanced.

REDUCTION IN TERM:

Reduction in term is not eligible for streamline refinances and must be completed as a full process rate and term refinance.

ASSETS TO CLOSE:

Any funds needed to close must be verified with a current bank statement. This includes the one payment that the borrower(s) are bringing to closing.

MAXIMUM COMBINED LOAN TO VALUE:

If subordinate financing is to remain in place the maximum CLTV is 125%. For streamline refinances without an appraisal, the CLTV is based on the original appraised value as stated in FHA connection.

DESKTOP UNDERWRITER:

FHA streamlines should not be entered into FNMA Desktop Underwriter. If a loan is entered into DU you must proceed as a full process rate and term refinance.

INITIAL 1003 AND DISCLOSURES:

FHA now requires a fully completed and executed initial 1003 with disclosures before the file can be submitted for underwriting. You must now complete all sections of the 1003 including income, employment, assets and liabilities.

CALCULATING THE NEW MORTGAGE AMOUNT:

Streamlines without an appraisal: The maximum insurable mortgage can not exceed the outstanding principal balance minus the applicable MIP refund plus the new MIP being added. Note: The unpaid principal balance may not include delinquent interest, late charges or escrow shortages. No closing costs may be added without a new appraisal.

Streamlines with an appraisal: The maximum mortgage is the lesser of the following calculations:

1. Outstanding principal balance minus the MIP refund, plus closing costs, prepaid items, and the new MIP being added to the loan. Discount points may not be added to the new loan amount. Discount points must be paid out of pocket, along with verifying that the borrower(s) have sufficient funds.
2. 97.75% of the new appraised value plus the new MIP being added to the loan.