

FHA REFINANCE OPTIONS MATRIX

	STREAMLINE REFINANCE	RATE REDUCTION AND EQUITY (CASH-OUT) REFINANCES															
ELIGIBILITY																	
1. ELIGIBLE PROGRAMS	<ul style="list-style-type: none"> FHA Fixed Rate Product FHA ARM Products 	<ul style="list-style-type: none"> FHA Fixed Rate Product FHA ARM Products 															
2. CURRENT FIRST MORTGAGE ELIGIBILITY	<ul style="list-style-type: none"> Existing Endorsed FHA Fixed Rate product Existing Endorsed FHA ARM Product <p>At the time of loan application, the borrower must have made at least 6 consecutive payments on the FHA-insured mortgage being refinanced</p>	<ul style="list-style-type: none"> Conventional Mortgages FHA Fixed Rate Product FHA ARM Product VA Fixed Rate Product 															
3. LOAN AMOUNTS/ LTV LIMITS	<ul style="list-style-type: none"> https://entp.hud.gov/idapp/html/hicostlook/cfm If subordinate financing is remaining in place, the maximum CLTV is 125% <ul style="list-style-type: none"> For streamline refinance transactions WITHOUT an appraisal, the CLTV is based on the original appraised value of the property. The Case Query Function in FHA Connection will display the appraised value. Prior to loan approval, a copy of the case query screen must be available for review by the DE Underwriter For streamline refinances WITH an appraisal, the CLTV is based on the new appraised value. Refer to calculating the Mortgage with a New Appraisal OR Calculating the Mortgage Without a New Appraisal FHA maximum Mortgage Calculation Worksheet to be completed, reviewed and signed by the DE Underwriter Refer to “Geographic Locations/Restrictions” for additional state specific restrictions or requirements 	<p>No Cash-Out Rate/Term Refinances</p> <ul style="list-style-type: none"> FHA Maximum mortgage cannot exceed statutory limits for the area https://entp.hud.gov/idap/html/hicostlook/cfm If the property was acquired less than one year prior to application and the loan is not an existing FHA loan, additional calculations will apply Refer to section #6 Calculating the Mortgage With a New Appraisal FHA Maximum Mortgage Calculation Worksheet to be completed and reviewed and signed by the DE Underwriting Consultant <p><u>Equity/Cash-Out Refinance LTV/CLTV Limits</u></p> <ul style="list-style-type: none"> Maximum base mortgage amount cannot exceed the statutory county limit for the area <table border="1" data-bbox="1192 987 1980 1344"> <thead> <tr> <th>Maximum Base Loan amount</th> <th>Length of Ownership*</th> <th>Maximum LTV</th> <th>Maximum CLTV (subordinated existing lien)</th> <th>Maximum CLTV (new subordinate lien)</th> </tr> </thead> <tbody> <tr> <td>All loan amts</td> <td>> = 12 months</td> <td>85% of AV</td> <td>Unlimited</td> <td>85% of AV</td> </tr> <tr> <td>All loan amts</td> <td>< 12 months</td> <td>85% AV or Original SP, whichever is less</td> <td>Unlimited</td> <td>85 of AV or Original SP, whichever is less</td> </tr> </tbody> </table>	Maximum Base Loan amount	Length of Ownership*	Maximum LTV	Maximum CLTV (subordinated existing lien)	Maximum CLTV (new subordinate lien)	All loan amts	> = 12 months	85% of AV	Unlimited	85% of AV	All loan amts	< 12 months	85% AV or Original SP, whichever is less	Unlimited	85 of AV or Original SP, whichever is less
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* Defined as number of months the borrower has owned the property as his or her principal residence preceding the date of the loan application

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<p>4. TYPES OF FINANCING</p>	<p>Credit Qualifying Streamline Refinance WITH or WITHOUT Appraisal – minimum FICO is 640</p> <p>Streamline Refinance Without Appraisal The following streamline refinance transaction may only be done without an appraisal:</p> <ul style="list-style-type: none"> Unit in a condo project that no longer meets the 51% occupancy requirement <p>Streamline Refinance transaction on properties in Texas The following guidelines pertain to owner-occupied Streamline refinance transactions for properties in Texas</p> <ul style="list-style-type: none"> If the first mortgage is subject to Texas Section 50(a)(6), FHA insured financing is not permitted If an existing second lien is subject to Texas Section 50(a)(6), FHA insured financing is not permitted. Once a cash-out always a cash-out The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998 When FHA insured financing is permitted, Underwriting conditions and closing instructions must indicate “no Cash back to borrower permitted” (not even one dollar is permitted) <p>Non credit qualifying refinance WITH or WITHOUT appraisal (not available in Florida)</p> <ul style="list-style-type: none"> Max CLTV is 100% Minimum FICO is 640 Fraud detection report required on all loans AVM required when appraisal is used. 	<p>No Cash-Out/Rate and Term Refinances</p> <ul style="list-style-type: none"> Term of the new FHA loan can be up to 30 years Housing payment may increase without restriction The new FHA loan may include the existing first lien (unpaid principal balance <u>plus</u> accrued interest), <u>closing costs (with the exception of a tax service fee, an origination fee over 1% of the loan amount and all third party service fees must be charged using the actual cost of the service provided)</u>, prepaid expenses, discount points, minus MIP refund (if originally financed in the mortgage) One year seasoning from funding on all junior liens unless documentation is provided to verify lien was incurred as part of acquisition or for home improvements of the subject property <ul style="list-style-type: none"> Regardless of the age of HELOC, if draws in excess of \$1000 were advanced within the last 12 months for purposes other than repairs and rehabilitation of the subject property, the line of credit is not eligible for inclusion in the new mortgage. New secondary financing is not permitted FHA to FHA refinance – May subordinate <u>existing</u> junior liens with no CLTV limitations Conventional to FHA Rate and Term refinance – May subordinate <u>existing</u> junior liens with now CLTV limitation Premium pricing permitted Refer to Section #6 Calculating the Mortgage With a New Appraisal for additional instructions The following guidelines pertain to owner-occupied rate/term refinances for properties in Texas <ul style="list-style-type: none"> If the first mortgage is subject to Texas Section 50(a)(6), FHA insured financing is not permitted If an existing second lien is subject to Texas Section 50(a)(6), FHA insured financing is not permitted. Once a cash-out always a cash-out The title policy will reference Texas Section 50(a)(6) or Article XVI of the Texas Constitution effective January 1, 1998 When FHA insured financings is permitted, Underwriting conditions and closing instructions must indicate “No Cash back to borrower is permitted” (not even one dollar is permitted)

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	<p>Equity/ Cash-Out Refinances</p> <ul style="list-style-type: none"> • Maximum LTV is 85% • Six-month seasoning requirement for all cash out refinances. The six month time frame is from the note date of the current loan to the application date of the new loan. In addition, all Borrowers on the new loan must have been in title for at least 6 months • If the subject property has been owned less than 12 months preceding the date of the loan application as the borrower's principal residence, the mortgage amount is limited to the lesser of 85% of appraised value or 85% of the sales price of the property when acquired • Properties owned free and clear may be financed as cash-out transactions • Obtain a copy of the Deed to verify date of ownership • Obtain a copy of the HUD-1 to verify original sales price • Term of new loan may be up to 30 years • Payment may increase without restrictions • May subordinate existing junior liens regardless of CLTV or combined loan amount, provided the homeowner qualifies for making scheduled payments on all liens • New secondary financing is limited to 85% CLTV • Modified subordinate lien: FHA understand that many subordinate lien holders have been requesting modifications to the terms of the lien typically a reduction in the amount of the lien) in exchange for remaining in a subordinate position. Modifying the subordinate lien in this manner often results in re-executing it at closing, which is acceptable and is not considered a new subordinate lien • Premium pricing permitted • <u>Closing costs</u>, prepaid expenses and discount points <u>may not</u> be added to the appraised value or sales price to calculate the new maximum loan amount • Equity refinances in not permitted in Texas <p>Refer to #6 for calculating the maximum mortgage on each refinance option</p>
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5. CALCULATING THE MORTGAGE WITHOUT A NEW APPRAISAL

Streamline Refinance Without Appraisal
 Refer to “Geographic Locations/Restrictions” for additional state specific restrictions or requirements
 The maximum base mortgage cannot exceed:

- Unpaid principal balance
- **Plus the interest charged by the servicing lender when the payoff will not be received on the first day of the month, but may not include delinquent interest, late charges or escrow shortages**
MINUS
- The lesser of:
 - Unearned UFMIP (from FHA refinance Authorization or appropriate MIP Refund Schedule)
 - New Estimated UFMIP

Total New Mortgage Amount

- Maximum base mortgage
PLUS
- New UFMIP

Closing costs, pre-paid expenses and discount points, late charges and escrow shortages may **not** be financed into the new loan

Additional requirements for all occupancy Types

- Determine the LTV based on the original appraised value of the loan being refinanced. (This value should be taken from the FHA connection Case Query Screen. Prior to loan approval, a copy of the case Query screen must be available for review the DE Underwriter.) This LTV calculation is required to determine if annual MIP is required on loans with 15-year term or less **and** when the monthly MIP may be cancelled
- Term of new mortgage is the lesser of 30 years or the un-expired term of the current mortgage plus 12 years. (this is particularly important when the term of the original loan was 15 years)
- New secondary financing **is not** permitted
 - May subordinate existing junior liens up to a maximum 125% CLTV. For streamline refinance transactions WITHOUT an appraisal, the CLTV is based on the original appraised value of the property
 - A subordination agreement should be a condition of loan approval

N/A

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	<ul style="list-style-type: none"> No cash back to borrower permitted (incidental minor adjustment at closing not exceeding \$500.00 cash back is acceptable) except in TX. Refinance Authorization information must be obtained at Case Number Assignment directly from FHA Connection Premium pricing is permitted 	
<p>6. CALCULATING THE MORTGAGE AMOUNT WITH A NEW APPRAISAL</p>	<p>Streamline Refinance With Appraisal</p> <p>Refer to “Geographic Locations/Restrictions” for additional state specific restrictions or requirements</p> <p>The maximum base mortgage is the lower of the following 3 calculations:</p> <p>1st Calculation – LTV Limitation:</p> <ul style="list-style-type: none"> 97.75% of the appraised value <p>2nd Calculation – Existing Debt Calculation:</p> <ul style="list-style-type: none"> Unpaid Principal Balance Plus allowable closing costs (excluding discount points*) Plus prepaid expenses including: <ul style="list-style-type: none"> Per diem interest to end of month on new loan Hazard insurance deposits needed to establish escrow account Real estate tax deposits needed to establish the escrow account Plus the interest charged by the servicing lender when the payoff will not be received on the first day of the month, but may no include delinquent interest, late charges or escrow shortages <p>MINUS</p> <ul style="list-style-type: none"> Lesser of: <ul style="list-style-type: none"> Unearned UFMIP Refund (From FHA Refinance Authorization or appropriate MIP Refund Schedule) <p>OR</p> <ul style="list-style-type: none"> New Estimated UFMIP 	<p>No Cash-Out/Rate and Term Refinances With Appraisal</p> <ul style="list-style-type: none"> The maximum base mortgage calculation is the lower of the loan to value limitation or the existing debt calculation described below <u>and may never exceed the statutory limit except by the amount of any new up-front MIP</u> <p>Refer to “Geographic Locations/Restrictions” for additional state specific restrictions or requirements</p> <ul style="list-style-type: none"> The new FHA base mortgage amount is the lesser of calculations 1A or 1B, when applicable, or Calculation 2 and may never exceed the statutory limit except by the amount of any new up-front MIP <p><u>Calculation 1 – LTV Limitation</u></p> <p>A – Properties owned one year or more</p> <ul style="list-style-type: none"> Appraised value (excluding any closing costs) times 97.75% <p>B – Properties owned less than one year prior to application date and not already FHA insured (conventional or VA loan being refinanced to FHA loan)</p> <ul style="list-style-type: none"> Lesser of original sales price plus repairs (if applicable) paid after the purchase price and documented in the file or appraised value times 97.75% <p>OR</p> <p><u>Calculation 2</u></p> <p>Base mortgage using existing loan balance</p> <ul style="list-style-type: none"> Unpaid principal balance (includes up to 1 month’s interest from payoff statement) ¹ Minus lesser of UFMIP Refund or new UFMIP

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<p>3rd Calculation – Statutory Limit</p> <ul style="list-style-type: none"> • Statutory limit for County <p>The base mortgage may never exceed the statutory limit for the county</p> <p>Total New Mortgage Amount</p> <ul style="list-style-type: none"> • Maximum base mortgage <p>PLUS</p> <ul style="list-style-type: none"> • New UFMIP <p>* Discount points may not be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has assets to pay the along with any other financing cost that are not included in the new mortgage amount.</p> <p>Additional Requirements</p> <ul style="list-style-type: none"> • Owner occupied properties only • Delinquent interest may not be included in loan amount • New secondary financing is not permitted <ul style="list-style-type: none"> • May subordinate existing junior liens up to a maximum 125% CLTV • A subordination agreement should be a condition of loan approval • No cash back to borrower permitted except for minor adjustments at closing not exceeding \$500 cash back except in Texas • Refinance Authorization information must be obtained at Case Number Assignment directly from FHA Connection and included in the loan file • Premium Pricing is permitted 	<ul style="list-style-type: none"> • Plus the interest charged by the servicing lender when the payoff will not be received on the first day of the month, but may not include delinquent interest • Plus allowable borrower paid closing costs • Plus reasonable discount points • Plus prepayment penalties • Plus satisfaction of junior liens seasoned at least 1 year from funding, or used for the initial purchase or repair of the subject property <ul style="list-style-type: none"> • Regardless of the age of HELOC, if draws in excess of \$1000 were advanced within the last 12 months for purposes other than repairs and rehabilitation of the subject property, the line of credit is not eligible for inclusion in the new mortgage • Plus accrued late charges • Plus escrow shortages • Plus prepaid expenses <ul style="list-style-type: none"> • Per diem interest on the new loan to the end of month • Hazard insurance premium deposits needed to establish escrow account • Real estate tax deposits needed to establish escrow account • One month mortgage insurance • Minus lender credit for closing costs and prepaid expenses • Refer to Section #4 – types of financing for special restrictions on owner occupied properties located in Texas • FHA to FHA refinances – refinance authorization information must be obtained at Case Number Assignment directly from FHA Connection • Delinquent interest may not be included in loan amount <p>¹ the existing first lien may include the interest charged by the servicing lender when the payoff will not be received on the first day of the month, but may not include delinquent interest.</p> <p>The maximum base mortgage amount is calculated as the appraised value (or original sales price, if applicable) times the applicable LTV factors as described in the chart below.</p>
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Maximum Base Mortgage Calculation – LTV Limitation

Properties **owned as borrower’s principal residence more than one year** prior to application date

- Appraised value times applicable LTV factor as determined by other loan data

Properties **owned as borrower’s principal residence less than one year** prior to application date

- Lesser of appraised value **OR** the original sales price of the property times the applicable LTV factor as determined by other loan data

Maximum Base Loan amount	Length of Ownership*	Maximum LTV	Maximum CLTV (subordinated existing lien)	Maximum CLTV (new subordinate lien)
All loan amts	> = 12 months	85% of AV	Unlimited	85% of AV
All loan amts	< 12 months	85% AV or Original SP, whichever is less	Unlimited	85 of AV or Original SP, whichever is less

* Defined as number of months the borrower has owned the property as his or her principal residence preceding the date of the loan application

Additional requirements for equity refinances

- If subject property is encumbered by a mortgage, the loan must be current for the month due and the borrower must have made all mortgage payments within the month due for the previous 12 months
- Subordinate financing may remain in place but subordinate to the FHA first mortgage, regardless of the total indebtedness or the CLTV, provided the borrower qualifies for making payments on all liens

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		<ul style="list-style-type: none"> • Co-borrowers or co-signors may be added provided they are occupants of the property. No-occupant owners may not be added in order to meet credit underwriting guidelines • Refer to special restriction requirements section for all program restrictions • Closing costs, prepaid expenses and discount points may not be added to the appraised value or included in calculating the new loan amount • FHA to FHA refinances – refinance authorization information must be obtained at Case Number Assignment directly from FHA Connection • The calculated mortgage amount may never exceed the statutory limit for the area • All borrowers must credit qualify • Refer to employment/income, credit ration analysis and appraisal sections for required documentation; refer to special restriction section for all program restrictions
7. OCCUPANCY	Primary Residence	Primary Residence
8. PROPERTY TYPES	<p>Eligible Properties</p> <ul style="list-style-type: none"> • 1 unit • PUDs • Modular Pre-Cut/ Panelized housing • Condos <p>1. Verify that the project is on FHA’s list of approved condos</p> <ul style="list-style-type: none"> • Provide printout from FHA Connection showing Condo appears on the approved list • Verify that the project still meets FHA 50% owner occupancy requirement-even if project is still FHA approved <p>If the condo project has been withdrawn from FHA’s approved list or the 50% occupancy requirement cannot be met, the loan must only be processed as a streamline refinance <u>without</u> appraisal</p> <p>Ineligible properties</p> <ul style="list-style-type: none"> • Co-ops • Manufactured homes 	<p>Eligible Properties</p> <ul style="list-style-type: none"> • 1 unit (refer to section #3 for equity refinance (cash-out) LTV/CLTV limits) • PUDs • Modular pre-cut/ panelized housing • Condos <p>1. Verify that the project is on FHA’s list of approved condos</p> <ul style="list-style-type: none"> • Provide printout from the FHA Connection showing condo appears on the approved list • Verify that the project still meets FHA 50% owner occupancy requirement-even if project is still FHA approved. <p>If the condo project has been withdrawn from FHA’s approved list or the 50% occupancy requirement cannot be met, the loan must only be processed as a streamline refinance without appraisal</p> <p>Ineligible Properties</p> <ul style="list-style-type: none"> • Co-ops • Manufactured homes

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9. GEOGRAPHIC LOCATIONS/ RESTRICTIONS	<ul style="list-style-type: none"> • Colorado • Florida • Louisiana • Oklahoma • Oregon • Texas 	<ul style="list-style-type: none"> • Colorado • Florida • Louisiana • Oklahoma • Oregon • Texas
10. UNDERWRITING	<ul style="list-style-type: none"> • Loans are not eligible to be put through TOTAL Scorecard. If TOTAL Scorecard is used, the loan must be underwritten and closed as a rate and term (no cash out) refinance transaction. Additionally, the Case Number must be updated in FHA Connection to reflect that the case is being processed as a Rate and Term and not a Streamline Refinance. The UFMIP factor charged will be 1.75% • The loan application (URLA) plus the HUD Addendum 92900A must be complete and fully executed by all borrowers prior to underwriting. An abbreviated version of the URLA is not acceptable 	<ul style="list-style-type: none"> • Must receive an Approve/Eligible from FNMA DU/ DO
11. PROCESSING STYLE	<ul style="list-style-type: none"> • Streamline 	<ul style="list-style-type: none"> • Standard
12. RATIO REQUIREMENTS	<ul style="list-style-type: none"> • Ratios 31% / 43% The DTI ratio of 43% may be exceeded with significant compensating factors provided the DTI does not exceed 50% • Ratios > 43% <= 50% require significant documented compensating factors which may include: <ul style="list-style-type: none"> • Established history for the past 12-24 months of housing expense greater than or equal to the proposed housing payment • Significant cash down payment (10% or more) must have been made on original purchase transaction • Demonstrated ability to accumulate savings and a conservative attitude toward the use of credit • Previous credit history showing that the ability to devote a greater portion of income to housing expenses • The borrower receives documented compensation or income not reflected in effective income, but directly affecting the ability to pay the mortgage • There is only a significant decrease in housing expense 	<ul style="list-style-type: none"> • AUS Approved loans – Ratios evaluated by AUS

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	<ul style="list-style-type: none"> • Substantial documented cash reserves (at least 3 months) after closing • Substantial no-taxable income (if not adjustment was made previously in the ratio computation) • Potential for increased earnings, as indicated by job training or education in the borrower's profession 	
14. SPECIAL RESTRICTION/ REQUIREMENTS	<p>Net tangible benefit Must determine that there is a net tangible benefit as a result of the streamline refinance transaction, with or without an appraisal. Net tangible benefit is defined as</p> <ul style="list-style-type: none"> • Reduction in the <u>total</u> mortgage payment (principal, interest, taxes and insurances, monthly MIP, homeowners' association fees, ground rents special assessments and all subordinate liens) <p>OR</p> <ul style="list-style-type: none"> • Refinancing from an adjustable rate mortgage (ARM) to a fixed rate mortgage <p><u>Reduction in Total Mortgage Payment:</u> The new total mortgage payment must be 5 percent lower than the total mortgage payment for the mortgage being refinanced. Example: total mortgage payment on the existing FHA-insured mortgage is \$895; the total mortgage payment for the new FHA insured mortgage must be \$850 or less</p> <p>Loans being refinanced as FHA Streamlines may be subject to additional conditions, even if refinancing to the same loan program. (i.e. ARM to ARM) Review the following sections for additional requirements/ restriction that may apply.</p> <p>Fixed Rate to Hybrid ARM</p> <ul style="list-style-type: none"> • May be done with or without an appraisal • The new total mortgage payment must be 5 percent lower than the total mortgage payment for the mortgage being refinanced • Primary residence only • All other streamline refinance guidelines remain the same 	<p>Additional Requirements for Equity/ Cash-out refinances</p> <ul style="list-style-type: none"> • Property owned free & clear are eligible for cash out refinance transactions • Properties encumbered by one or more mortgage transactions in the last 12 months are eligible for cash out refinances provided 12 full months satisfactory payment history is verified. If a mortgage transaction took place in the last 12 months and there is a skipped month due to the refinance, it will be necessary to review the payment history on the previous transaction in order to satisfy the 12 full months payment history <p>Adding Co-borrowers</p> <ul style="list-style-type: none"> • All borrowers must occupy subject property • May add a co-borrower or co-signer provided he/she occupies the subject property as his/her primary residence • The addition of an occupant-borrower is not limited to the <i>original</i> borrower's spouse. However, the additional borrower must occupy the property as his or her primary residence. (i.e. son/ daughter of original borrower) • The <i>original</i> borrower / property owner must be in title for a minimum of 12 months and must also be on the original note and mortgage. <u>There are no exceptions</u> • An additional occupant-borrower may be added at any time after the original borrower purchased the property, up to and including the closing of the new loan. (The <i>original</i> borrower must always been the 12 month requirement for title and mortgage. The new occupant-borrower does not have to meet this requirement.)

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	<p>1 Year ARM to Fixed Rate</p> <ul style="list-style-type: none"> • May be done with or without an appraisal • The interest rate on the <u>new</u> fixed rate mortgage is no greater than two percent above the interest rate of the existing ARM <p>Hybrid ARM (3 & 5 Year) to Fixed Rate</p> <ul style="list-style-type: none"> • May be done with or without an appraisal • The total mortgage payment of the <u>new</u> fixed rate mortgage is no greater than 20 percent above the total mortgage payment of the existing ARM. Example: total mortgage payment on the hybrid ARM is \$895; the total mortgage payment for the new fixed rate mortgage must be \$1074 or less <p>ARM to ARM</p> <ul style="list-style-type: none"> • May be done with or without an appraisal • Primary residence only • The new total mortgage payment must be 5 percent lower than the total mortgage payment for the mortgage being refinanced <p>GPM to Fixed Rate</p> <ul style="list-style-type: none"> • Can be done with or without an appraisal • The new total mortgage payment must be 5 percent lower than the total mortgage payment for the mortgage being refinanced <p>GPM to ARM</p> <ul style="list-style-type: none"> • Can be done with or without an appraisal • Primary residence only • The new total mortgage payment must be 5 percent lower than the total mortgage payment for the mortgage being refinanced <p><u>Reduction in term:</u> For transactions that include a reduction in the mortgage term, that loan must be underwritten and closed as a rate and term (no cash-out) refinance transaction. A reduction in the mortgage term is not permitted under Streamline refinance transactions</p> <p>Deleting a Borrower</p> <ul style="list-style-type: none"> • Deleting a borrower is eligible. The remaining borrower must qualify for the new mortgage 	<p>Non-occupying co-borrowers</p> <ul style="list-style-type: none"> • Permitted only if the non-occupant co-borrower has been on title and on the mortgage note as a non-occupant co-borrower since the original financing of the purchase mortgage • Documents must be provided to evidence non-occupant co-borrower was on the purchase transaction (copy of the purchase HUD-1 <u>and</u> copy of original Note) • Adding a non-occupant co-borrower or co-signer in order to meet credit underwriting guidelines is not allowed • No no-profit organizations • Not permitted in Texas on cash out refinances • Borrowers may be deleted <p>Adding Co-Borrowers (No Cash Out Refinance)</p> <ul style="list-style-type: none"> • May add a co-borrower, co-signer or non-occupant co-borrower
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	<p>Adding a Borrower to Title</p> <ul style="list-style-type: none"> New individuals may be added to title on Streamline Refinances without triggering “due on sale” clauses 	
<p>15. EMPLOYMENT/ INCOME – CREDIT QUALIFYING</p>	<ul style="list-style-type: none"> The loan application (URLA) plus the HUD Addendum 92900A must be complete and fully executed by all borrowers prior to underwriting. An abbreviated version of the URLA is not acceptable Telephone Verification of Employment Most recent pay stubs covering 30 consecutive days Two years W2’s IRS form 4506T 	<ul style="list-style-type: none"> Verification of Employment Most recent pay stubs covering 30 consecutive days Telephone Verification of Employment Two years W2’s IRS Form 4506T
<p>16. ASSETS</p>	<p>If assets are needed to close, verification of the assets is required regardless of the amount needed to close. The following documents are required:</p> <ul style="list-style-type: none"> Verification of Deposit Most recent bank statements OR Two months bank statements 	<p>The following is required if funds are needed to close:</p> <ul style="list-style-type: none"> Verification of Deposit Most recent bank statement OR Two months bank statements
<p>17. CREDIT</p>	<p>Mortgage Payment History Requirements</p> <ul style="list-style-type: none"> At the time of application, the borrower must exhibit an acceptable payment history as described below via a credit report, cancelled checks or VOM: <ul style="list-style-type: none"> For mortgages with less than a 12 month payment history, the borrower must have made all mortgage payments within the month due For mortgages with a 12 month payment history or greater, the borrower must have 0 x 30 day late payment in the preceding 12 months <p>Minimum FICO Score Required</p> <ul style="list-style-type: none"> Tri-merged in-file credit report to assess overall credit history. All credit scores obtained must be entered into FHA Connection Minimum fico score requirement: 640 Non-traditional credit is ineligible 	<p>Mortgage history requirements</p> <p>Rate/Term Refinance</p> <ul style="list-style-type: none"> Loan must be current for the month due Obtain up to a 12 months or life of loan payment history via Residential Mortgage Credit Report, Tri-merged in-file credit report, cancelled checks or VOM showing payments are current AUS approve – mortgage history evaluated by AUS in accordance with FHA TOTAL Scorecard User Guide <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> Loan must be current for the month due All AUS recommendations – 0 x 30 mortgage payment lates in the last 12 months or life of loan (if property is owned less than 12 months) Obtain up to a 12 month or life of loan payment history via residential mortgage credit report, tri-merged in-file credit report, cancelled checks or VOM

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		<p>Minimum FICO Score Requirements</p> <ul style="list-style-type: none"> • Regardless of AUS Decision: 640 • Non-Traditional Credit is ineligible
<p>18. APPRAISAL REQUIREMENTS</p>	<p>Streamline Refinances With Appraisal</p> <ul style="list-style-type: none"> • A new appraisal is always required • Inform the appraiser that the loan is a streamline refinance • No repairs required unless health and safety or lead based paint related <ul style="list-style-type: none"> • Any necessary repairs must be completed prior to closing • No termite certification is required unless appraiser notes a problem <ul style="list-style-type: none"> • Termite related repairs are considered health and safety issues • If an appraisal is ordered but the borrower decides to proceed with a streamline without an appraisal, the appraisal may be voided • If it is determined that it is in the best interest of the borrower not to use the appraisal <ul style="list-style-type: none"> • The case type in the FHA Connection must be changed to reflect that the case is now streamline refinance without an appraisal • The DE Underwriter must make a notation on the 92900 LT indicating that it was in the borrower’s best interest to proceed without an appraisal 	<ul style="list-style-type: none"> • A new appraisal is always required • All property conditions must be satisfied prior to closing • No termite certification is required unless appraiser notes a problem <ul style="list-style-type: none"> • Termite related repairs are considered health and safety issues
<p>19. SPECIAL DOCUMENTATION REQUIREMENTS OR ENHASNCEMENTS</p>	<ul style="list-style-type: none"> • The loan application (URLA) plus the HUD Addendum 92900A must be complete and fully executed by all borrower prior to underwriting. An abbreviated version of the URLA is not acceptable • Evidence of valid Social Security Number is required on all loans • Evidence of Refinance Authorization data and New Case Number Assignment obtained from FHA Connection (print screens, and place in loan file) • Check current deed or title to verify all current borrowers are listed as owners (one year ownership guideline may apply) • Good Faith Estimate / Truth in Lending • Evidence mortgage is current (screen print or mortgage history) • URLA and signed HUD Addendum • FHA Loan Underwriting and Transmittal Summary, HUD form 92900 LT • FHA Maximum Mortgage Calculation Worksheet located on our website 	<ul style="list-style-type: none"> • Standard MIP guidelines apply • Evidence of a valid Social Security Number is required on all loans • A copy of the social security card or other documentation such as recent pay stub, or W2 can be used to validate the social security number • Evidence of FHA Refinance Authorization data and new case number obtained from FHA Connection (print screens and place in loan file) • Check current deed or title to verify all current borrowers are listed as owners (one year ownership guideline may apply) • Evidence no change in name of street, zip code or re-zoning occurred since the last FHA transaction (copy of Note or letter from municipality notifying borrower of address re-naming etc.) • Good Faith Estimate / Truth in Lending • URLA and signed HUD addendum • FHA loan underwriting and transmittal summary, HUD form 92900-LT

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	<ul style="list-style-type: none"> • GSA and LDP, Procurement/ Non-procurement lists must be checked • CAIVRS check is not required • Flood Certificate • Copy of Existing HUD-1 to determine the amount of Upfront MIP paid, if any and also verify existing FHA case number • Copy of Existing Note (Verify the current information from the Note: Date of note, FHA case number, loan amount, interest rate, P&I amount, and loan term. Also verify that borrowers and property are the same on current loan and on new loan application) • Refer to Special Requirements Section for adding or deleting borrowers 	<ul style="list-style-type: none"> • FHA maximum mortgage calculation worksheet located on our website • CAIVRS, GSA, LDP, Procurement/ no-procurement information must be checked • Important notice to homebuyers • Informed consumer choice disclosure notice • Flood certificate • Assumption notice • A copy of the HUD-1 is always required to verify FHA case number and Up-Front MIP
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FHA REFINANCE OPTIONS MATRIX

For Case Number Assignment on or after 10/1/2008				
LTV Loan Term	Purchases & Full Credit Qualifying Refinances (Rate/Term and Cash-out)		Streamline Refinances (With and Without Appraisal, Credit Qualifying)	
	UFMIP	Monthly	UFMIP	Monthly
>95% Greater than 15 years	1.75%	.55%	1.50%	.55%
≤ 95% Greater than 15 years	1.75%	.50%	1.50%	.50%
≥ 90% Less than or equal to 15 years	1.75%	.25%	1.50%	.25%
≤ 89.99% Less than or equal to 15 years	1.75%	None	1.50%	None