

FHA STREAMLINE

AUGUST 1, 2015



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FHA STREAMLINE



- ✓ A Streamline transactions is the refinance of an FHA to FHA loan
- ✓ 1-unit owner occupied and 1-unit investment properties are eligible
- ✓ FHA Streamline loans can be structured with or without
- ✓ an appraisal and with or without credit qualifying. Credit qualifying with appraisal, if the borrower is not receiving the benefit of reduced annual MIP or CLTV, the loan should be processed as a rate/term Refi and run through DU/TOTAL Scorecard
- ✓ Maximum cash back to borrower is \$500.00
- ✓ The endorsement date can be determined in FHA Connection
- ✓ All Streamline transactions must have a net tangible benefit
- ✓ to the borrower

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- ✓ Net Tangible Benefit is defined as:
 - Minimum 5% reduction to the principal and interest (P&I) of the mortgage payment plus the annual mortgage insurance premium (MIP), or
 - Refinancing from an Adjustable Rate Mortgage (ARM) to a fixed rate mortgage.

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FHA STREAMLINE LOAN PARAMETERS



- ✓ LTV/CLTV on 1-unit without appraisal = N/A /125%
- ✓ LTV/CLTV on 1-unit with appraisal with credit score ≥ 620 is 97.75% /125%
- ✓ LTV/CLTV on 1-unit with appraisal with 580-619 credit score is 90%/90% and credit qualifying is required
- ✓ All borrowers must have a credit score.
- ✓ All FHA Streamlines require the following:
 - Borrower required to have made minimum of 6 payments at time of case number assignment, and
 - At least 6 full months have passed since the first payment due date on the loan being paid off, and
 - A minimum of 210 days have passed since the Note date on the loan being refinanced and the case number assignment date on the new loan.

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MORTGAGE INSURANCE PREMIUMS (MIP)



- ✓ FHA Endorsement on or before May 31, 2009 with a Case Number Assigned on or after June 3, 2013

Loan Amount	Loan Term	LTV	Annual MIP	Up-front MIP	Annual MIP Assessment Period
All	All	All	0.55%	0.01%	≤ 90% LTV: 11 years > 90% LTV: Life of loan

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MORTGAGE INSURANCE PREMIUMS (MIP) (cont.)



- ✓ FHA Endorsement on or after June 1, 2009 with a Case Number Assigned on or after June 3, 2013

Loan Amount	Loan Term	LTV	Annual MIP	Up-front MIP	Annual MIP Assessment Period
≤ \$625,500	> 15 years	≤ 95%	1.30%	1.75%	≤ 90% LTV: 11 years > 90% LTV: Life of loan
≤ \$625,500	> 15 years	> 95%	1.35%		Life of loan
> \$625,500	> 15 years	≤ 95%	1.50%		≤ 90% LTV: 11 years > 90% LTV: Life of loan
> \$625,500	> 15 years	> 95%	1.55%		Life of loan
≤ \$625,500	≤ 15 years	78.01% - 90%	0.45%		11 years
≤ \$625,500	≤ 15 years	>90%	0.70%		Life of loan
> \$625,500	≤ 15 years	78.01% - 90%	0.70%		11 years
> \$625,500	≤ 15 years	>90%	0.95%		Life of loan
All	≤ 15 years	≤ 78%	0.45%		11 years

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MORTGAGE INSURANCE PREMIUMS (MIP) (cont.)



- ✓ FHA Endorsed on or after June 1, 2009 with a Case Number Assigned on or after January 26, 2015

Loan Amount	Loan Term	LTV	Annual MIP	Up-front MIP	Annual MIP Assessment Period
≤ \$625,500	> 15 years	≤ 95%	0.80%	1.75%	≤ 90% LTV: 11 years > 90% LTV: Life of loan
≤ \$625,500	> 15 years	> 95%	0.85%		Life of loan
> \$625,500	> 15 years	≤ 95%	1.00%		≤ 90% LTV: 11 years > 90% LTV: Life of loan
> \$625,500	> 15 years	> 95%	1.05%		Life of loan
≤ \$625,500	≤ 15 years	78.01% - 90%	0.45%		11 years
≤ \$625,500	≤ 15 years	>90%	0.70%		Life of loan
> \$625,500	≤ 15 years	78.01% - 90%	0.70%		11 years
> \$625,500	≤ 15 years	>90%	0.95%		Life of loan
All	≤ 15 years	≤ 78%	0.45%		11 years

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Maximum Loan Amount



- ✓ Credit Qualifying without appraisal and Non-Credit Qualifying with or without appraisal:
 - Unpaid principal balance plus current interest minus the UFMIP refund, plus new UFMIP (if financed)

(The unpaid principal balance may include up to 60 days interest (interest from current months' payment if not paid, plus interest from day of closing to end of month) and up to two (2) months annual MIP payments. The UPB cannot include delinquent payments/interest, late charges and/or escrow shortages).
- ✓ Closing costs, discount points, pre-pays cannot be included in the new loan amount.
- ✓ Use original appraisal value from FHA Connection Refinance Netting Authorization.

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Maximum Loan Amount (cont.)



- ✓ Credit Qualifying with an Appraisal:
 - The maximum mortgage amount is the lesser of:
 - Unpaid principal balance plus current interest plus closing costs and pre-pays minus the UFMIP refund, plus new UFMIP (if financed)
(The unpaid principal balance may include the current month's payment, plus 30 days of interest and up to 2 months annual MIP payments. The UBP cannot include delinquent payments, late charges and/or escrow shortages) OR
- ✓ Current appraised value x 97.75% plus the new UFMIP.
- ✓ Discount points cannot be financed
- ✓ The base loan amount can never exceed the current county limit

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CREDIT SCORE REQUIREMENTS



- ✓ Minimum 620 credit score for non-credit qualifying
- ✓ Minimum 580 credit score for credit qualifying. Credit score of 580-619 are subject to the following restrictions:
 - Maximum 90% LTV/CLTV
 - Maximum DTI 31%/43%, no exceptions. Maximum applies to both ratios individually (i.e. if the DTI is 34%/42% the loan is ineligible)
 - A minimum 24 month mortgage seasoning with 0x30 in previous 24 months on the loan currently being refinanced. Borrowers without a 24 month mortgage seasoning on the current loan are ineligible.
 - VA standard residual income requirements apply

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NON-CREDIT QUALIFYING STREAMLINES



- ✓ Non-credit qualifying streamlines, closing costs cannot be financed in the loan.
- ✓ Maximum loan amount is limited to UPB and new UFMIP.
- ✓ Borrowers may be added as long as the existing borrower(s) remain on the Note and Deed. Credit qualification is not required for the new borrower(s).
- ✓ Loan cannot be a Higher Priced Mortgage Loan (HPML).

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NON-CREDIT QUALIFYING MORTGAGE HISTORY



- ✓ Mortgage only credit report with credit score(s) required on subject property only
- ✓ Loan being refinanced seasoned < 12 months:
 - 0x 30 in months 7-12 (≤ 6 months not eligible)
- ✓ Loan being refinanced seasoned ≥ 12 months:
 - 1x30 in previous 12 months, and
 - 0x30 in the 3 months preceding the loan application

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NON-CREDIT QUALIFYING PARAMETERS



- ✓ 1003, TOTAL Scorecard, Ratio & Reserve Requirements:
 - Abbreviated 1003 allowed; sections IV, V, VI, and VIII (A-K and M) may be left blank.
NOTE: Planet Home Lending requires Section VIII Declarations question "L" be completed
 - DU/FHA TOTAL Scorecard not allowed.
 - Manual Underwrite only. TOTAL Scorecard findings not accepted.
 - No ratios are calculated.
 - VVOE not required
 - Asset verification required only if assets are needed for closing.

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CREDIT QUALIFYING STREAMLINE



- ✓ A credit qualifying streamline is the same as a regular refinance transaction for qualifying the borrower.
- ✓ Individuals may be deleted from title only as a credit qualifying streamline as described in HUD 4155.1 sections 6.C.2.d and 6.C.3.c.
- ✓ Closing costs can be financed into the loan with an appraisal

Reminder: Credit Qualifying Streamlines with an appraisal, if the borrower is not receiving the benefit of reduced MIP or CLTV, the loan should be processed as a regular rate/term Refi run through DU/TOTAL Scorecard.

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- ✓ A credit qualifying streamline refinance must be considered:
 - When a change in the mortgage term will result in an increase in the mortgage payment of more than 20%.
 - When deletion of a borrower or borrowers will trigger the due-on-sale clause.
 - Following the assumption of a mortgage that:
 - Occurred less than six months previously, and
 - Does not contain restrictions (i.e. due-on-sale clause) limiting assumption only to a creditworthy borrower, OR
- ✓ Following the assumption of a mortgage that:
 - Occurred less than six months previously, and
 - Did not trigger the transferability restriction (that is, the due-on-sale clause), such as in a property transfer resulting from a divorce decree or by devise or descent.
- ✓ If the borrower has a credit score of 580-659 credit qualification is required. Specific additional requirements apply when the credit score is 580-619.

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- ✓ Individuals may be deleted from title only:
 - When an assumption of a mortgage not containing a due on sale clause occurred more than 6 months previously, and
 - When the assumptor can document that he/she has made the mortgage payments during interim period, OR
 - Following an assumption of a mortgage in which:
 - Transferability restriction due on sale clause was not triggered, such as in a property transfer from a divorce decree or by devise or descent.
 - Assumption or quit claim of interest occurred more than six months previously, and
 - Remaining owner-occupant can demonstrate that he/she has made the mortgage payments during this time. Individuals may be deleted from title only:

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CREDIT QUALIFYING STREAMLINE MORTGAGE HISTORY



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- ✓ Loan being refinanced seasoned < 12 months:
 - 0 x 30 in months 7-12 (≤ 6 months not eligible)
- ✓ Loan being refinanced seasoned ≥ 12 months:
 - 1 x 30 in previous 12 months, and 0 x 30 in the 3 months preceding the loan application.

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CREDIT QUALIFYING STREAMLINE



- ✓ Requirements:
 - 1003 & TOTAL Scorecard:
 - 1003 must be fully completed, including employment, income, assets, and liabilities.
 - DU/FHA TOTAL Scorecard is not required.
 - Manual Underwrite only. TOTAL Scorecard findings not accepted.
 - Loans are qualified similarly to a regular rate/term refinance transaction.
- ✓ Credit Requirements
 - Full credit report and credit overlays apply.
 - All borrowers must have a minimum 580 FICO score.
- ✓ Income & Assets Requirements
 - Income must be stated on 1003.
 - Assets must be stated on 1003.
 - Standard Income & Asset verifications required.

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CREDIT SCORE 580-619 ADDITIONAL REQUIREMENTS



- ✓ Maximum 90% LTV/CLTV
- ✓ Maximum DTI 31%/43%, **no exceptions** (maximum applies to ratios individually; neither ratio may be exceeded)
- ✓ VA residual income requirements apply

Loan Amounts ≤ 79,999				
Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
Over 5	Add \$75.00 for each additional family member up to 7.			

Loan Amounts ≥ 80,000				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,052	\$1,039	\$1,039	\$1,158
Over 5	Add \$80.00 for each additional family member up to 7.			

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NET TANGIBLE BENEFIT



- ✓ Requirements: All Streamline transactions must have a net tangible benefit to the borrower.
 - A reduction in term is eligible but must also meet the net tangible benefit requirements below.
 - A copy of the existing Note and a statement from the current servicer confirming the existing type of loan & MIP amount is required.

From	To	Requirement
Fixed rate	Fixed rate	5% reduction of P&I and MIP
Fixed rate	Hybrid ARM	5% reduction of P&I and MIP
1-year ARM	Fixed rate	New rate cannot be > 2% above the current ARM Rate
1-year ARM	Hybrid ARM	New rate must be 2% below current ARM rate
Hybrid ARM (during fixed period)	Fixed rate	5% reduction in P&I and MIP
Hybrid ARM (during fixed period)	Hybrid ARM	5% reduction in P&I and MIP
Hybrid ARM (during adjustable period)	Fixed rate	New rate cannot be > 2% above the current ARM Rate
Hybrid ARM (during adjustable period)	Hybrid ARM	New rate must be 2% below current ARM rate

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CONDOS



- ✓ If the condo is no longer on FHA Approved list, loan can only be done as a “streamline without appraisal”.
- ✓ If the condo is on the current FHA Approved list, it can be processed either with or without an appraisal.

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MISCELLANEOUS



- ✓ IRS Transcript required on full credit qualifying loans only.
- ✓ LDP/GSA search is required.

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