**BORROWER NAME:**

* No Appraisal required for FHA Streamline transactions (see State & Property Restrictions – HBFS Overlays in the FHA Product Description for multi-unit properties in IL, NJ & NY.
* Closing costs **CANNOT** be financed.
* Use of TOTAL Scorecard is NOT permitted.
  + Credit Qualifying subject to FHA Manual Underwriting requirements.
* The existing FHA lien cannot be a FHA “Secure” loan.
* Maximum cash back to borrower at closing limited to $500.00.
* Loan must be current for month due (i.e., loan disbursing on or before September 30, 2015 must have the August 2015 payment made within the month of August).
* Length of existing FHA Loan (Mortgage Seasoning Requirements):
  + Borrowers must have made six (6) payments on the FHA-insured mortgage that is being refinanced **–** **AND –**
  + At least six (6) full months have passed since the 1st payment due date of the mortgage that is being refinanced **–** **AND –**
  + At least 210 days have passed from the closing of the mortgage being refinanced; and,
  + If the Borrower assumed the mortgage that is being refinanced, they must have made six (6) payments since the time of assumption.
* FHA Connection will not assign a case number for a streamline refinance transaction until the full six (6) month loan seasoning period has elapsed.
* FHA Connection will not assign a case number for a streamline refinance where the existing mortgage to be paid is a 203(k) mortgage and the rehabilitation escrow account has not been completed.
* The Borrower must have made all mortgage payments within the month due for the six (6) months prior to case number assignment and have no more than one (1) 30-day late payment for the previous six (6) months for all mortgages.
  + The Borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to the mortgage disbursement.
* Individuals may be added to the Title and Mortgage on Non-Credit Qualifying Streamlines without a creditworthiness review.
* Credit Qualifying ONLY needed when dropping a Borrower; otherwise process as Non-Credit Qualifying.

***CREDIT QUALIFYING AND NON-CREDIT QUALIFYING STREAMLINE WITHOUT AN APPRAISAL – OWNER OCCUPIED***

***PRIMARY RESIDENCE***

**LESSER OF**

Outstanding Principal Balance**\*** $

Plus Interest due on the existing Mortgage**\*\*** **+** $      (Up to 60 days)

Plus MIP due on the existing Mortgage **+** $

Less applicable UFMIP refund (if financed in the original mortgage) **-** $

BASE LOAN AMOUNT (Calculation 1) = $      **1**

**OR**

Original Principal Balance**\*\*\*** $

Less applicable UFMIP refund (if financed in the original mortgage) **-** $     

BASE LOAN AMOUNT (Calculation 2) = $      **2**

**BASE LOAN AMOUNT\*\*\*\*** (Lesser of Calculation 1 or 2) $      **(round down to lowest $50)**

Plus new UFMIP: **+** $

**TOTAL LOAN AMOUNT**  = $

**\*** Outstanding Principal Balance of existing mortgage as of the month *prior* to HBFS disbursement date – NOT the payoff amount.

**\*\*** Up to 60 days interest.

**\*\*\*** Original Principal Balance of the existing mortgage; including the financed UFMIP.

**\*\*\*\*** Although loan can exceed County loan limit, Base Loan Amount can never exceed outstanding principal balance.

***CREDIT QUALIFYING AND NON-CREDIT QUALIFYING STREAMLINE WITHOUT AN APPRAISAL – NON-OWNER OCCUPIED INVESTMENT PROPERTIES***

**LESSER OF**

Outstanding Principal Balance**\*** $

Less applicable UFMIP refund (if financed in the original mortgage) **-** $

**BASE LOAN AMOUNT** (Calculation 1)  **=** $      **1**

**OR**

Original Principal Balance\*\* $

Less applicable UFMIP refund (if financed in the original mortgage) **-** $     

**BASE LOAN AMOUNT** (Calculation 2)  **=** $      **2**

**BASE LOAN AMOUNT**\*\*\* (Lesser of Calculation 1 or 2) $      **(round down to lowest $50)**

Plus new UFMIP: **+** $

**TOTAL LOAN AMOUNT**  = $

**\*** Outstanding Principal Balance of existing mortgage as of the month *prior* to HBFS disbursement date – NOT the payoff amount.

**\*\*** Original Principal Balance of the existing mortgage; including the financed UFMIP.

**\*\*\*** Although loan can exceed County loan limit, Base Loan Amount can never exceed outstanding principal balance.

**NET TANGIBLE BENEFIT OF STREAMLINE REFINANCES**

A Net Tangible Benefit is a reduced Combined Rate, a reduced term and/or a change from an ARM to a Fixed Rate Mortgage that results in a financial benefit to the borrower.

Combined Rate refers to the interest rate on the mortgage plus the Mortgage Insurance Premium Rate (MIP) Rate.

HBFS must determine that there is a net tangible benefit to the Borrower meeting the standards in the chart below for ALL Streamline Refinance transactions.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **TO** | | |
| **FROM** | **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 Less than 15 months to the 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 Greater than or Equal to 15 months to the 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 |

‘\* Not applicable, HBFS does not currently offer One-Year ARM on FHA Product

**FIXED TO FIXED**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

MUST BE AT LEAST 0.5% BELOW CURRENT COMBINED RATE

**FIXED TO HYBRID ARM (3 OR 5 YEAR)**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

MUST BE AT LEAST 2% BELOW THE CURRENT COMBINED RATE

**ARM WITH <15 MONTHS TO NEXT PAYMENT CHANGE DATE TO FIXED RATE**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

CANNOT EXCEED 2% ABOVE CURRENT COMBINED RATE

**ARM WITH <15 MONTHS TO NEXT PAYMENT CHANGE DATE TO HYBRID ARM (3 OR 5 YEAR)**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

MUST BE AT LEAST 1.00% BELOW CURRENT COMBINED RATE

**ARM WITH ≥15 MONTHS TO NEXT PAYMENT CHANGE DATE TO FIXED RATE**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

CANNOT EXCEED 2.00% ABOVE CURRENT COMBINED RATE

**ARM WITH ≥15 MONTHS TO NEXT PAYMENT CHANGE DATE TO HYBRID ARM (3 OR 5 YEAR)**

CURRENT INTEREST RATE      % + CURRENT MONTHLY MIP      % =      % CURRENT COMBINED RATE

NEW INTEREST RATE      % + NEW MONTHLY MIP      % =      % NEW COMBINED RATE.

MUST BE AT LEAST 1.00% BELOW CURRENT COMBINED RATE

**Reduction in Term**

The Net Tangible Benefit is met if:

1. The mortgage term is reduced,
2. The new interest rate does not exceed the current interest rate; AND,
3. The combined principal, interest and MIP payment of the new mortgage does not exceed the combined principal, interest and MIP of the refinanced mortgage by more than $50.00.

**Application of Unused Borrower Funds from an Escrow Account on an Existing Mortgage to a Newly Originated FHA-Insured Refinance Loan**

Mortgagees processing any FHA-insured refinance mortgage may apply unused borrower funds from an existing mortgage for any purpose authorized by the borrower. For example, the borrower may authorize the mortgagee to apply unused borrower funds from an existing mortgage to reduce the payoff amount on the existing mortgage (also referred to as “netting escrows”); pay closing costs on a new FHA-insured mortgage; buy down the interest rate on the new FHA-insured mortgage; or set up an escrow account on the new FHA-insured mortgage loan. These examples are not all inclusive.

* The return of unused borrower funds from an existing mortgage to the borrower at closing is not considered cash back to the borrower.

**Documentation Requirements for Unused Borrower Funds from an Escrow Account on an Existing Mortgage to a Newly Originated FHA-Insured Refinance Loan**

When the borrower has determined that they want unused borrower funds from an existing mortgage to be applied toward costs related to the new FHA-insured mortgage, the mortgagee processing the new FHA-insured mortgage is required to:

1. Obtain written authorization from the borrower to apply the unused borrower funds from an existing mortgage for any purpose prior to using them. The borrower’s written authorization must clearly state the purpose(s) for which the authorization is provided.
2. Include the borrower’s written authorization in the Direct Endorsement case binder. Mortgagees are instructed to place the borrower’s written authorization on the right side of the case binder directly after the HUD-1 or HUD-1A Settlement Statement.
3. Show a credit and document the purpose on the HUD-1 or HUD-1A Settlement Statement when a mortgagee either applies unused borrower funds from an existing mortgage to the new FHA-insured refinance transaction for the amount authorized to offset settlement charges associated with the new FHA-insured mortgage or establishes the new escrow account.

The process for handling the netting of escrows at closing may differ depending upon whether the servicing mortgagee is the same as the originating mortgagee, and whether funds are netted from the payoff amount by the servicing mortgagee or all funds are sent to the closing table. It is up to the servicing mortgagee on the existing mortgage and the mortgagee on the new FHA-insured mortgage to work through the netting and the transfer of funds process to ensure that, depending on the use of funds, that they are accurately reflected on the payoff statement and the HUD-1 or HUD-1A Settlement Statement.