



## Bulletin 16-18

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### FHA Streamline Clarifications

HUD has clarified the requirements when using a reduction in term to meet the net tangible benefit test and the payment history requirements on credit qualifying Streamlines in the [HUD Transmittal](#) issued March 14, 2016.

#### Reduction in Term as Borrower Benefit

The HUD 4000.1 now states that the “**remaining amortization** of the existing mortgage is reduced” (previously HUD guidance only stated that “the mortgage term is reduced”).

As a reminder, a **reduction in term alone does qualify** as a net tangible benefit when **all** of the following requirements are met:

- The **remaining amortization period** of the existing mortgage is reduced, **and**
- The new interest rate does not exceed the current interest rate, **and**
- The combined PITI plus MIP payment of the new loan does not exceed the combined PITI and MIP payment of the refinanced loan by more than \$50.

#### Payment History Requirements – Credit Qualifying Streamlines

HUD clarified on credit qualifying transactions the borrower can have no more than 1x30 in the previous six (6) months on any other mortgages secured by **other properties** owned by the borrower.

This clarification by HUD applies to HomeBridge credit qualifying Streamlines with a credit score  $\geq 620$ .

NOTE: As a reminder, HomeBridge requires borrowers with a credit score of 550-619 (credit qualifying) or a credit score of 580-619 (non-credit qualifying) to have 0x30 housing history in the previous 24 months on both the loan being refinanced **and** any other financed property owned by the borrower.

The above information is effective immediately.

The FHA Streamline guidelines have been updated with this information and posted on the HomeBridge website at [www.homebridgewholesale.com](http://www.homebridgewholesale.com)

If you have any questions, please contact your Account Executive.