



FHA STREAMLINE REFINANCE PROGRAM GUIDELINES

Last Updated 4/26/2021

Overlays to FHA guidelines are underlined

STREAMLINE REFINANCE

Occupancy	Units	FICO
Primary Residence	1-4	<u>620</u>
Second Home	1	<u>620</u>
Investment	1-4	<u>620</u>

Product Guidelines

ATR/QM Rule	<ul style="list-style-type: none"> All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act.
Age of Documents	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date, including credit reports and employment, income and asset documents.
Appraisal	<ul style="list-style-type: none"> Not Required
Borrower Eligibility	<ul style="list-style-type: none"> U.S. citizens Permanent Resident Alien with proof of lawful residence Non-Permanent Resident Aliens with proof of lawful residence All borrowers must have a social security number. A Borrower on the subject mortgage may be removed from title and new mortgage in cases of divorce, legal separation or death when: <ul style="list-style-type: none"> the divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and the remaining Borrower can demonstrate that they have made the mortgage Payments for a minimum of six months prior to case number assignment. In cases of divorce, the payment must be from the remaining borrower's sole account. Borrower(s) can be added as long as the existing borrowers remain on the note and deed. Credit qualifying is not required to add a borrower.
Condominiums	<ul style="list-style-type: none"> Must be located in an FHA approved Condominium Project. Condominiums involved in minor litigation subject to CenterState approval and must be in accordance with FHA requirements.

Credit	<ul style="list-style-type: none"> • A mortgage only tri-merge credit report is required for all borrowers. • All borrowers must have a minimum of one credit score to be eligible. • Acceptable mortgage payment history: <ul style="list-style-type: none"> ○ Borrower must have made all mortgage payments on the subject property within the month due for the six months prior to case number assignment, and ○ Have no more than 30-day late payment for the previous six months for all mortgages on the subject property. ○ Borrower must have made the payments secured by the subject Property within the month due for the month prior to mortgage disbursement. • <u>Non-traditional credit is not allowed.</u>
Employment Verification	<ul style="list-style-type: none"> • The following Income and Employment documentation are required at a minimum: <ul style="list-style-type: none"> ○ Salaried borrowers require a verbal VOE. ○ Self-employed borrowers require verification of the business through a 3rd party source.
Escrow Accounts	<ul style="list-style-type: none"> • Escrow Impounds Accounts must be established for taxes and insurance premiums in accordance with FHA Guidelines.
Exclusionary Lists	<ul style="list-style-type: none"> • HUD's CAIVRS does not need to be checked. • The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all loans, if any party to the transaction, including the borrower(s), is reflected on these lists, the loan is not eligible
High Cost	<ul style="list-style-type: none"> • Not Eligible
High Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. • HPML guidelines require: <ul style="list-style-type: none"> ○ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. ○ Must meet all applicable state and/or federal compliance requirements.
Loan Limits	<ul style="list-style-type: none"> • FHA mortgage limits for all areas: https://entp.hud.gov/idapp/html/hicostlook.cfm. • FHA Streamline Refinances are exempt from FHA loan limits.
Loan Purpose	<ul style="list-style-type: none"> • Disburse cash out to the Borrower in an amount not to exceed \$500.
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000
Maximum Loan Amount	<ul style="list-style-type: none"> • Owner-occupied Primary Residences and HUD-approved Secondary Residences (see definition in Occupancy section), the maximum base loan amount: <ul style="list-style-type: none"> ○ is the lesser of: <ul style="list-style-type: none"> ▪ the outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus: <ul style="list-style-type: none"> • interest due on the existing mortgage and MIP due on existing Mortgage; or ▪ the original principal balance of the existing mortgage (including financed UFMIP); ○ less any refund of UFMIP (if financed in original mortgage). • For Investment Properties, the maximum base loan amount is: <ul style="list-style-type: none"> ○ the lesser of: <ul style="list-style-type: none"> ▪ the outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; or ▪ the original principal balance of the existing mortgage (including financed UFMIP); ○ less any refund of UFMIP (if financed in original mortgage).

<p>Net Tangible Benefit</p>	<ul style="list-style-type: none"> • 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 (MIP) rate. • The Lender must determine that there is a Net Tangible Benefit to the borrower as follows: <ul style="list-style-type: none"> ○ Fixed Rate to: <ul style="list-style-type: none"> ▪ Fixed Rate - the new combined rate is at least 0.5 percentage points below the prior combined rate ▪ One-Year ARM – the new combined rate is at least 2 percentage points below the prior combined rate ▪ Hybrid ARM – The new combined rate is at least 2 percentage points below the prior combined rate. ○ Any ARM with less than 15 months to next payment change date to: <ul style="list-style-type: none"> ▪ Fixed Rate – New combined rate is no more than 2 percentage points above the prior combined rate ▪ One Year ARM – New combined rate is at least 1 percentage point below the prior combined rate ▪ Hybrid ARM – New combined rate is at least 1 percentage point below the prior combined rate. ○ Any ARM with greater than or equal to 15 months to next payment change date to: <ul style="list-style-type: none"> ▪ Fixed Rate – New combined rate is no more than 2 percentage points above the prior combined rate ▪ One Year ARM – New combined rate is at least 2 percentage points below the prior combined rate ▪ Hybrid ARM – New combined rate is at least 1 percentage point below the prior combined rate. • Reduction in Term – The net tangible benefit test is met if: <ul style="list-style-type: none"> ○ the remaining amortization period of the existing mortgage is reduced; the new interest rate does not exceed the current interest rate; and 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
<p>Occupancy</p>	<ul style="list-style-type: none"> • Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan. • Owner-occupied – Occupancy must be documented per FHA requirements. • Secondary Residences <ul style="list-style-type: none"> ○ Secondary Residence refers to a dwelling that a Borrower occupies in addition to their Principal Residence, but less than a majority of the calendar year. A Secondary Residence does not include a Vacation Home. ○ Secondary Residences are only permitted with written approval from the Jurisdictional HOC. See <i>4000.1 II.A.1.b.iii (B)</i> for additional information on Secondary Residences • Non-Owner Occupied
<p>Power of Attorney</p>	<ul style="list-style-type: none"> • Power of Attorney must be approved by CenterState prior to closing. • For FHA requirements, see <i>FHA Handbook II.A.1.a.i.(A)(3), III.A.6.a.xiii.(A) Use of Power of Attorney at Closing.</i>
<p>Property, Eligible Types</p>	<ul style="list-style-type: none"> • Single Family Residence • 2–4 Unit • PUDs • Low-rise and High-rise Condominiums (must be FHA eligible)

Property, Ineligible Types	<ul style="list-style-type: none"> • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • Mobile Homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Working Farms and Ranches • Unimproved Land and property currently in litigation
Ratios	<ul style="list-style-type: none"> • DTI ratios are not calculated, unless the transaction is credit qualified.
Reserves/Funds to Close	<ul style="list-style-type: none"> • Reserves are not required. • Funds to close in excess of the total mortgage payment of the new mortgage must be documented in accordance with <i>FHA Handbook, Source of Funds (Manual) 4000.1 II.A.5.c.iii.</i>
Seasoning	<ul style="list-style-type: none"> • FHA Connection will not assign a case number for a Streamline Refinance transaction until the full six-month loan seasoning period has elapsed. • On the date of the FHA case number assignment: <ul style="list-style-type: none"> ○ The borrower must have made at least six payments on the FHA-insured mortgage that is being refinanced; ○ At least six full months must have passed since the first payment due date of the mortgage that is being refinanced; ○ At least 210 days must have passed from the closing date of the mortgage that is being refinanced; and ○ If the borrower assumed the mortgage that is being refinanced, the borrower must have made six payments since the time of assumption.
Tax Transcripts	<ul style="list-style-type: none"> • A signed 4506-T must be obtained as required by FHA guidelines. • Tax Transcripts and the 4506-T are not required under the FHA Streamline Refinance no credit qualifying option.
Underwriting Method	<ul style="list-style-type: none"> • Manual Underwriting Only • There must be a net tangible benefit to the borrower that meets the requirements of the Net Tangible Benefit.