



**HomeBridge<sup>®</sup>**

FINANCIAL SERVICES

**FHA STREAMLINE  
CREDIT QUALIFYING  
NON-CREDIT QUALIFYING**

**Case Numbers issued ON and AFTER September 14, 2015  
July 2018**

***FOR INTERNAL USE ONLY – NOT FOR DISTRIBUTION***

# FHA STREAMLINE CHANGES

## EFFECTIVE SEPTEMBER 14, 2015

- Appraisals are no longer required for Credit Qualifying or Non-Credit Qualifying Streamlines
  - The receipt or possession of an appraisal by REMN does not affect the eligibility or maximum mortgage amount on Streamline Refinances.
- No maximum LTV
- No maximum CLTV
- No maximum loan amount
- Closing costs can NOT be included in the Base Loan Amount (Credit Qualifying and Non-Credit Qualifying)
- FHA Manual Underwriting requirements apply to all Credit Qualifying Streamlines
- Net Tangible Benefits
  - Allows for reduction in term

# EXEMPTIONS FROM FHA GUIDELINES

## EFFECTIVE SEPTEMBER 14, 2015

### CREDIT QUALIFYING

- ✓ Ordering Appraisal, Transferring Existing Appraisal, Ordering Second Appraisal or Ordering an Update to an Appraisal
- ✓ Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt or Delinquent Federal Tax Debt
- ✓ Property Eligibility and Acceptability Criteria
- ✓ National Housing Act's Statutory Limits
- ✓ Nationwide Mortgage Limits
- ✓ LTV Limitations Based on Borrower's Credit Score
- ✓ Underwriting the Property
- ✓ Underwriting the Borrower Using the TOTAL Mortgage Scorecard

### NON-CREDIT QUALIFYING

- ✓ Ordering Appraisal, Transferring Existing Appraisal, Ordering Second Appraisal and Ordering an Update to an Appraisal
- ✓ Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt or Delinquent Federal Tax Debt
- ✓ Property Eligibility band Acceptability Criteria
- ✓ National Housing Act's Statutory Limits
- ✓ Nationwide Mortgage Limits
- ✓ LTV Limitations Based on Borrower's Credit Score
- ✓ Underwriting the Property
- ✓ Underwriting the Borrower Using the TOTAL Mortgage Scorecard
- ✓ Borrower Minimum Decision Credit Score
- ✓ Borrower and Co-Borrower Ownership and Obligation Requirements
- ✓ Co-Signer Requirements
- ✓ Principal Residence in the United States
- ✓ Military Personnel Eligibility
- ✓ Citizenship and Immigration Status
- ✓ Residency Requirements
- ✓ Manual Underwriting Requirements (Credit, Income, Asset, Credit and Debt, Calculating Qualifying Ratios, Approvable Ratio Requirements or Documenting Acceptable Compensating Factors)

- REM N Wholesale Credit Overlays do NOT apply to REM N to REM N Streamlines
  - Loans will follow straight FHA guidelines for all REM N to REM N Streamlines (Credit & Non-Credit Qualifying)
    - ONLY REM N to REM N – NOT Cenlar to Cenlar
- Netting of escrows is permitted
- Escrows are “netted” from existing loan payoff and not “transferred” to the new loan. New loan has traditional escrow/impound set up requirements.
  - [Internal Refinances/HB to HB Refinances](#)
- Eligible Properties
  - 1-4 Unit
    - High Balance
    - REM N State and Property Restrictions do not apply
  - PUD (Attached/Detached)
  - Condos (FHA Approved and those no longer FHA Approved)
    - Condos without HO6 are acceptable

- REM N Wholesale Credit Overlays do APPLY to Non-REM N to REM N Streamlines
- Eligible Properties
  - 1-4 Unit
    - 550+ Credit Qualifying
    - 580+ Non-Credit Qualifying
  - PUD (Attached/Detached)
  - Condos (FHA Approved and those no longer FHA Approved)
    - Condos without HO6 are acceptable

# ALL STREAMLINE TRANSACTIONS

- All FHA to FHA refinances are eligible for the Streamline program
- Streamlines are processed with OUT an appraisal
- Streamlines can be processed as Credit Qualifying or Non-Credit Qualifying
  - Manual Underwriting required for all streamlines – Do not run through FHA TOTAL Scorecard (findings are invalid)
- Loans previously modified are eligible
- LDP/GSA must be checked to confirm the Borrower's eligibility
  - CAIVRS is not required
- Non-Credit Qualifying Streamline transactions in state of Illinois allowed provided they pass the High Priced loan test
- Fraud Prevention documentation (DataVerify) required on all loans
- Maximum cash back to the borrower limited to \$500.00 (additional restrictions apply to properties in the state of Texas).
- Must meet FHA Net Tangible Benefits

## Borrower Credit Reports

- FHA does not require a credit report on the Non-Credit Qualifying Streamline Refinance.
- REMN must obtain a credit report for Credit Qualifying Streamline Refinance transactions.
- All Borrowers must have a credit score, REMN must enter it into FHA Connection, if more than one credit score is obtained, REMN must enter all available credit scores into FHA Connection.

## HUD Employee Mortgage

- Any HUD employee may have their mortgage underwritten by REMN for Non-Credit Qualifying Streamline Refinances ONLY.

## Maximum Mortgage Period – Limited to the lesser of:

- The remaining amortization period of the existing Mortgage + 12 years; or,
- 30 years.

Modified Loans - An FHA loan that has been modified is eligible for a Streamline Refinance as long as it meets the requirements for a streamline.

- The outstanding balance of the modified loan may reflect amounts that were previously added to the loan balance to facilitate loss mitigation. This is acceptable as long as the new loan amount is calculated as required for streamline refinance transactions (may not exceed the lesser of the original loan amount or outstanding principal balance) and all other streamline criteria is met.



## Funds to Close

- REMN must verify Borrower's funds to close only when in excess of the total Mortgage Payment of the new Mortgage based on standard underwriting requirements as shown in the Product Description.
- For Non-Credit-Qualifying transactions, funds to close in excess of the total Mortgage Payment must still be adequately sourced, and any large deposits must be satisfactorily addressed.

## Maximum cash back to borrower limited to \$500.00

- Cash to the Borrower resulting from the refund of the Borrowers unused escrow balance from the previous Mortgage must not be considered in the \$500.00 cash back limited whether received at or subsequent to REMN Mortgage disbursement.
- REMN may reduce the Borrower's outstanding principal balance to satisfy the \$500.00 cash back requirements.
- Additional restrictions apply to properties in the state of Texas.

## Maximum Base Mortgage Calculation for Streamline Refinances

Owner Occupied Principal Residences, the maximum Base Loan Amount is:

- The LESSER of:
  - The Outstanding Principal Balance of the existing mortgage as of the month prior to REMN Disbursement Date; PLUS:
    - Interest due on the existing Mortgage (Up to 60 days); and,
    - MIP due on the existing Mortgage; OR
  - The Original Principal Balance of the existing Mortgage (including financed UFMIP);
- Less any refund of UFMIP (if financed in original Mortgage)

Investment Properties, the maximum Base Loan Amount is:

- The LESSER of:
  - The Outstanding Principal Balance of the existing Mortgage as of the month prior to REMN Disbursement Date; OR,
  - The Original Principal Balance of the existing Mortgage (including financed UFMIP);
- Less any refund of UFMIP (if financed in original Mortgage).

REMN must obtain a payoff statement on the existing Mortgage.

# ALL STREAMLINE TRANSACTIONS MAXIMUM MORTGAGE CALCULATION



Statement of amount necessary to pay loan in full on or before 10-01-15.

Interest Rate: 5.25000%  
Next Payment Due Date: 09-01-15

Interest Paid to: 08-01-15

Present Principal Balance: \$ 261,689.85  
Interest to 10-01-15: 2,289.78  
Earned MIP Premium: 213.12  
Less Current Escrow Balance: -1,082.83

Computed Premium: \$4,900.87  
Original Mortgage Amt: \$284,950  
Old Term (in months): 360

Original Property Value: \$294,790  
Original Closing Date: 05/14/10  
Original Endorsement Date: 05/27/10

Subtotal of Amount Secured  
by Security Instrument: \$ 263,109.92

New Closing Month: 09/15 10/15  
Period of Insurance: 64 65  
Refund UFMIP Factor (%): .00000 .00000  
UFMIP Earned by HUD: \$4,900.87 \$4,900.87  
Unearned UFMIP: \$0.00 \$0.00  
Unpaid Balance: \$260,870 \$260,438  
Authorization No. 5505220150819  
Expiration Date 01/31/16

OTHER CHARGES  
Recording Fee : 23.00

Other Charges Sub Total: 23.00

Total Due: \$ 263,132.92

## OWNER OCCUPIED PRIMARY RESIDENCE

CALCULATION #1		CALCULATION #2	
Outstanding Principal Balance	\$261,689.85	Original Principal Balance	\$284,950.00
Interest Paid to 08/01/15	2,289.78	Less UFMIP Refund	0.00
MIP Due	213.12	Total = Base Loan Amount (rounded down to lowest \$1)	\$284,950.00
Total = Base Loan Amount (rounded down to lowest \$1)	\$264,192.00	Plus UFMIP (REMN Loan)	4,986.63
Less UFMIP Refund	0.00	Total = Total Loan Amount	\$289,936.00
Plus UFMIP (REMN Loan)	4,622.63		
Total = Total Loan Amount	\$268,814.00		

In this example, the Outstanding Principal Balance + Interest + MIP is the lower of the two (2) calculations. Therefore, \$264,192.00 is the Base Loan Amount. (Example assumes loan disbursing in September)

# ALL STREAMLINE TRANSACTIONS MAXIMUM MORTGAGE CALCULATION



Statement of amount necessary to pay loan in full on or before 10-01-15.

Interest Rate: 5.25000%  
Next Payment Due Date: 09-01-15

Interest Paid to: 08-01-15

Present Principal Balance: \$ 261,689.85  
Interest to 10-01-15: 2,289.78  
Earned MIP Premium: 213.12  
Less Current Escrow Balance: -1,082.83

Computed Premium: \$4,900.87  
Original Mortgage Amt: \$284,950  
Old Term (in months): 360

Original Property Value: \$294,790  
Original Closing Date: 05/14/10  
Original Endorsement Date: 05/27/10

Subtotal of Amount Secured  
by Security Instrument: \$ 263,109.92

New Closing Month: 09/15 10/15  
Period of Insurance: 64 65  
Refund UFMIP Factor (%): .00000 .00000  
UFMIP Earned by HUD: \$4,900.87 \$4,900.87  
Unearned UFMIP: \$0.00 \$0.00  
Unpaid Balance: \$260,870 \$260,438  
Authorization No. 5505220150819  
Expiration Date 01/31/16

OTHER CHARGES  
Recording Fee : 23.00

Other Charges Sub Total: 23.00

Total Due: \$ 263,132.92

## NON-OWNER OCCUPIED RESIDENCE

### CALCULATION #1

### CALCULATION #2

Outstanding Principal Balance	\$261,689.85	Original Principal Balance	\$284,950.00
Less UFMIP Refund	0.00	Less UFMIP Refund	0.00
Total – Base Loan Amount (rounded down to lowest \$1)	\$261,689.00	Total – Base Loan Amount (rounded down to lowest \$1)	\$284,950.00
Plus UFMIP (REMN Loan)	4,578.88	Plus UFMIP (REMN Loan)	4,986.63
Total – Total Loan Amount	\$266,228.00	Total – Total Loan Amount	\$289,936.00

*In this example, the Original Principal Balance minus UFMIP is the lesser of the two (2) calculations. Therefore, \$261,689.00 is the Base Loan Amount. (Example assumes loan disbursing in September)*

## Maximum CLTV Ratio and Subordinate Financing

- Existing Subordinate Financing, in place at time of case number assignment, must be re-subordinated to the Streamline Refinance.
- New Subordinate Financing is permitted only where the proceeds of the subordinate financing are used to:
  - Reduce the principal amount of the existing FHA-insured Mortgage; or,
  - Finance the Origination Fees, Other Closing Costs or Discount Points associated with the refinance.
- There is NO maximum CLTV.
- REMN must contact the National Servicing Center for processing any HUD held lien subordination requests.

## Appraisal & Inspection Requirements on Streamline Refinances

- Appraisals are not required on Streamline Refinances.
  - The receipt or possession of an appraisal by REMN does not affect the eligibility or maximum mortgage amount on Streamline Refinances.
- For purposes of calculating the MIP, FHA uses the original value of the property to calculate the LTV.



Streamline refinances may be used for Owner Occupied Principal Residence and Non-Owner Occupied Residence transactions.

- Non-Owner Occupied properties are only eligible for Streamline Refinancing into a Fixed Rate Mortgage.
- Existing 203(k) Mortgages – FHA will not issue a case number for a Streamline Refinance where the existing mortgage to be paid is a 203(k) and the rehabilitation escrow account has not been completed.
  - REMN does not allow Second Homes under the Streamline Program.

## **Documentation Requirements**

- REMN must review the Borrower's employment documentation (Credit Qualifying) or obtain utility bills (Non-Credit Qualifying) to evidence the Borrower currently occupies the property as their principal residence.
- REMN must process the Streamline Refinance as a Non-Owner Occupied property if we cannot obtain evidence that the Borrower occupies the property as a Principal Residence.

# MORTGAGE SEASONING REQUIREMENTS

## **Mortgage Seasoning Requirements** – On the date of the FHA Case Number Assignment:

- FHA Connection will not assign a case number for a streamline refinance until the full six (6) month loan seasoning period has elapsed. (FHA Case # should not be pulled until the 211th day)
    - The Borrower must have made at least six (6) payments for all mortgages on the FHA-Insured property that is being refinanced.
    - At least six (6) full months have passed since the first payment due date of the Mortgage that is being refinanced.
    - At least 210 days must have passed from:
      - GNMA: Between the 1st payment date of the new/subject refinance and the 1st payment date of the loan being refinanced (loan to be paid off) **AND**
      - FHA: Between the Note date of the loan being refinanced (existing loan) and the case number issuance date of the new/subject loan the closing date of the mortgage that is being refinanced
- (Both GNMA and FHA tests must be independently met)
- If the Borrower assumed the Mortgage that is being refinanced, they must have made six (6) payments since the time of assumption.

The following link can be used for calculating number of days;

<http://www.timeanddate.com/date/dateadd.html>



# NET TANGIBLE BENEFIT

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 (MIP) Rate.
- REMN 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
<b>Fixed Rate</b>	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
<b>Any ARM with Less than 15 months to the Next Payment Change Date</b>	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
<b>Any ARM with Greater than or Equal to 15 months to the Next Payment Change Date</b>	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

## Reduction in Term

- The Net Tangible Benefit is met if:
  - 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 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.

If the Borrower is refinancing their current FHA-insured Mortgage to another FHA-insured Mortgage within three (3) years, a refund credit is applied to reduce the amount of the UFMIP paid on the refinanced Mortgage, according to the refund schedule shown in the table below.

Upfront Mortgage Insurance Premium Refund Percentages												
Month of Year												
Year	1	2	3	4	5	6	7	8	9	10	11	12
1	80	78	76	74	72	70	68	66	64	62	60	58
2	56	54	52	50	48	46	44	42	40	38	36	34
3	32	30	28	26	24	22	20	18	16	14	12	10

## **Mortgage History Requirements** – On the date of the FHA Case Number Assignment:

- Loan must be current for the month due (i.e. loan disbursing on or before September 30, 2015 must have the August 2015 payment made within the month of August).
- **Credit Qualifying:**
  - 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 on the subject property.
  - 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 HBFS mortgage disbursement.
- **Non-Credit Qualifying:**
  - 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 months 7 through 12 in the 12mo mortgage history for the subject property (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 HBFS mortgage disbursement.
  - If FICO is < 580 , see REMN WS FHA/VA/Bond/USDA Overlay grid for mortgage history overlays.
- If the mortgage on the subject property is not reported in the Borrower's credit report, REMN must obtain a Verification of Mortgage to evidence payment history for the previous twelve (12) months.

## CREDIT QUALIFYING

- At least one (1) Borrower from the existing Mortgage must remain as a Borrower on the new Mortgage.
- Credit Qualifying Streamline Refinance must meet all requirements of Manual Underwriting, except for any requirements for Appraisals or LTV Calculations.
- Deletion of a borrower on a Streamline Refinance is acceptable under Credit qualifying ONLY

## NON-CREDIT QUALIFYING

- A borrower is eligible for a Streamline Refinance without credit qualification if ALL Borrowers on the existing mortgage remain as Borrowers on the new Mortgage. *Exception – A Borrower on the Mortgage to be paid may be removed from Title and new Mortgage in cases of divorce, legal separation or death when:*
  - ✓ 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 (6) months prior to case number assignment.
- Mortgages that have been assumed are eligible provided the previous Borrower was released from liability.
- Individuals may be added to the Title and Mortgage on Non-Credit Qualifying Streamlines without a creditworthiness review.

# MORTGAGE INSURANCE PREMIUMS



**Endorsed** ON or AFTER June 1, 2009

Case # Issued ON or AFTER 01/26/2015					
Term	Base Mortgage	LTV	Annual MIP	Upfront MIP	Length of MI (Based on LTV)
>15 Years	≤\$625,500	≤95.00%	0.80%	1.75%	≤90.00% - 11 Years ≥90.01% - Life of Loan
		≥95.01%	0.85%	1.75%	Life of Loan
	≥\$625,501	≤95.00%	1.00%	1.75%	≤90.00% - 11 Years ≥90.01% - Life of Loan
		≥95.01%	1.05%	1.75%	Life of Loan
≤15 Years	≤\$625,500	≤78.00%	0.45%	1.75%	11 Years
		78.00% - 90.00%	0.45%	1.75%	11 Years
		≥90.01%	0.70%	1.75%	Life of Loan
	≥\$625,501	≤78.00%	0.45%	1.75%	11 Years
		78.00% - 90.00%	0.70%	1.75%	11 Years
		≥90.01%	0.95%	1.75%	Life of Loan

# MORTGAGE INSURANCE PREMIUMS



Endorsed ON or AFTER June 1, 2009

Case Numbers Issued BETWEEN 06/03/2013 and 01/25/2015						
Term	Base Mortgage	LTV	Annual MIP	Upfront MIP	Length of MI (Based on LTV)	
>15 Years	≤\$625,500	≤95.00%	1.30%	1.75%	≤90.00% - 11 Years ≥90.01% - Life of Loan	
		≥95.01%	1.35%	1.75%	Life of Loan	
	≥\$625,501	≤95.00%	1.50%	1.75%	≤90.00% - 11 Years ≥90.01% - Life of Loan	
		≥95.01%	1.55%	1.75%	Life of Loan	
	≤15 Years	≤\$625,500	≤78.00%	0.45%	1.75%	11 Years
			78.00% - 90.00%	0.45%	1.75%	11 Years
≥90.01%			0.70%	1.75%	Life of Loan	
≥\$625,501		≤78.00%	0.45%	1.75%	11 Years	
		78.00% - 90.00%	0.70%	1.75%	11 Years	
		≥90.01%	0.95%	1.75%	Life of Loan	

# MORTGAGE INSURANCE PREMIUMS



**Endorsed** ON or BEFORE May 31, 2009

Term	Base Mortgage	LTV	Annual MIP	Upfront MIP	Length of MI (Based on LTV)
>15 Years	≤\$625,500	All LTV	0.55%	0.01%	≤90.00% - 11 Years ≥90.01% - Life of Loan
	≥\$625,501	All LTV	0.55%	0.01%	≤90.00% - 11 Years ≥90.01% - Life of Loan
≤15 Years	≤\$625,500	All LTV	0.55%	0.01%	≤90.00% - 11 Years ≥90.01% - Life of Loan
	≥\$625,501	All LTV	0.55%	0.01%	≤90.00% - 11 Years ≥90.01% - Life of Loan



# QUALIFYING REQUIREMENTS

	<b>CREDIT QUALIFYING</b>	<b>NON-CREDIT QUALIFYING</b>
1003	Fully Completed	Abbreviated 1003 Sections IV, V, VI and VIII (a-k) are not required to be completed.
REM N Credit Overlays	Non-REM N to REM N – YES REM N to REM N – NO	Non-REM N to REM N – YES REM N to REM N – NO
Ratios	31.00% / 43.00% (FHA Manual UW Requirements Apply)	Not Applicable (No Employment or Income)
Credit	Full Tri-Merge (All Borrowers must have credit scores)	Mortgage Only (subject property) with Credit Scores (All Borrowers must have credit scores)
Income	Income Documentation Per FHA Manual Requirements	No employment or income required
Assets	Verification ONLY required when funds to close are in excess of the total mortgage payment of the new mortgage	Verification ONLY required when funds to close are in excess of the total mortgage payment of the new mortgage (Large deposits are not required to be addressed)
IRS Transcripts	Required	Not Required

- REMN will not permit the lien to be subordinated on Non-Credit Qualifying Streamlines.
- REMN will permit the lien to be subordinated on Credit Qualifying Streamlines subject to the following:
  - The borrower must have a minimum of 24 months of 0x30 since the advancement of funds.
  - The borrower must have an existing Credit Score  $\geq 660$ 
    - If the Borrower cannot meet the above two (2) requirements, the lien must be paid in full from the Borrower's own funds.

- WHAT ARE THE DIFFERENT TYPES OF FHA STREAMLINES AVAILABLE?
  - Credit Qualifying with OUT Appraisal
  - Non-Credit Qualifying with OUT Appraisal
- HOW DO I DISCLOSE THE NEW REDUCED MORTGAGE INSURANCE LOWER UPFRONT PREMIUM?
  - FHA Management screen – Tracking Tab in Encompass; you will need to enter the case number assignment date and the prior endorsement date. When properly entered, when you click the “Get MI” button the proper factors will be imported.
- WHAT CAN BE INCLUDED IN THE MAXIMUM BASE MORTGAGE?
  - Owner Occupied – Lesser of:
    - ✓ UPB, Plus Interest, Plus MIP Due, Minus UFMIP Refund; OR
    - ✓ Original Principal Balance (including financed UFMIP), Minus UFMIP Refund.
  - Non-Owner Occupied – Lesser of:
    - ✓ UPB; OR
    - ✓ Original Principal Balance (including financed UFMIP), Minus UFMIP Refund.

**This information is intended only for associates of  
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