

FHA Fixed and Adjustable Rate Streamline Refinance



WHOLESALE

See full Product Guide for complete information.

Revised 06-17-21

Given the current situation associated with COVID-19, refer to Credit Policy 20-07B for temporary guidance related to certain credit, income and collateral requirements.

Loan Amounts and LTVs	<ul style="list-style-type: none"> FMC only offers streamline refinance transactions without an appraisal. They are not subject to FHA's county loan limits and must meet the maximum mortgage loan amount calculation as described below. LTV calculations are determined prior to adding financed UFMIP. <p>FHA Jumbo Loan Amounts Any allowable base loan amount that exceeds the conforming loan limits is considered a jumbo loan; for example, a 1-unit property with a base loan amount greater than \$548,250 is classified as a jumbo loan amount.</p> <p>Streamline Refinance without an appraisal (credit qualifying or non-credit qualifying) The maximum Base Loan Amount for Streamline Refinances is the lesser of:</p> <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 MIP due on existing mortgage less any refund of UFMIP (if financed in original mortgage); or The original principal balance of the existing mortgage (including financed UFMIP) less any refund of UFMIP (if financed in original mortgage). <p>Streamlines with modifications A streamline refinance without an appraisal of an FHA loan in which a modification has increased the outstanding principal balance beyond the original principal balance is limited to an amount not to exceed the original principal balance. The transaction must meet the tangible net benefits requirements of the original loan and all other FHA eligibility requirements.</p>																						
Amortization	10, 15, 20, 25, 30 Year	30 Year only for ARM transactions	Odd terms allowed for FRM transactions only																				
Secondary Financing	Eligible subordinate financing may remain in place however, it must be re-subordinated to the FHA-Streamline first mortgage.																						
Eligible Properties	<ul style="list-style-type: none"> 1-4 Units Warrantable Condo, PUD, Townhouse 		<ul style="list-style-type: none"> Manufactured Housing (minimum double-width) 																				
Ineligible Properties	<ul style="list-style-type: none"> Manufactured Homes in a condo community Non-warrantable Condo Timeshare Working Farm 	<ul style="list-style-type: none"> Mobile Home Cooperative Condo/PUD Hotel Commercial Property Properties that have been assumed Life Estates 	<ul style="list-style-type: none"> Properties located in lava zones 1 & 2 Properties encumbered with Property Assessed Clean Energy (PACE) obligations Properties with resale deed restrictions (other than Age Restricted) Community Land Trust 																				
Occupancy	<p>Primary Residence</p> <ul style="list-style-type: none"> 1-4 Unit Must be Owner Occupied 	<p>Second Home</p> <ul style="list-style-type: none"> Fixed Rate transactions only Only if current loan has been approved by HUD for that occupancy type. 	<p>Investment Property (1-4 Family)</p> <ul style="list-style-type: none"> Fixed Rate transactions only Maximum base loan amount can only include the unpaid principal balance minus the UFMIP refund, it may not include interest due on the existing loan. 																				
Net Tangible Benefit	<ul style="list-style-type: none"> 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. A determination must be made for all Streamline Refinance transactions that there is a net tangible benefit to the Borrower by meeting the following: <ol style="list-style-type: none"> Reduced Combined Rate* (<i>*the interest rate on the mortgage plus the Mortgage Insurance Premium (MIP) rate</i>) <table border="1" data-bbox="264 1665 1563 1936"> <thead> <tr> <th colspan="4" style="background-color: #0056b3; color: white;">To:</th> </tr> <tr> <th style="background-color: #0056b3; color: white;">From</th> <th style="background-color: #0056b3; color: white;">Fixed Rate New Combined Rate</th> <th style="background-color: #0056b3; color: white;">One-Year ARM New Combined Rate</th> <th style="background-color: #0056b3; color: white;">Hybrid ARM New Combined Rate</th> </tr> </thead> <tbody> <tr> <td style="background-color: #0056b3; color: white;">Fixed Rate</td> <td>At least 0.5% points below prior Combined Rate</td> <td>At least 2% points below prior Combined Rate</td> <td>At least 2% points below the prior Combined Rate</td> </tr> <tr> <td style="background-color: #0056b3; color: white;">Any ARM with < 15 months to next payment date</td> <td>No more than 2% points above the prior Combined Rate</td> <td>At least 1% points below prior Combined Rate</td> <td>At least 1% points below the prior Combined Rate</td> </tr> <tr> <td style="background-color: #0056b3; color: white;">Any ARM with ≥ 15 months to next payment date</td> <td>No more than 2% points above the prior Combined Rate</td> <td>At least 2% points below prior Combined Rate</td> <td>At least 1% points below the prior Combined Rate</td> </tr> </tbody> </table> 			To:				From	Fixed Rate New Combined Rate	One-Year ARM New Combined Rate	Hybrid ARM New Combined Rate	Fixed Rate	At least 0.5% points below prior Combined Rate	At least 2% points below prior Combined Rate	At least 2% points below the prior Combined Rate	Any ARM with < 15 months to next payment date	No more than 2% points above the prior Combined Rate	At least 1% points below prior Combined Rate	At least 1% points below the prior Combined Rate	Any ARM with ≥ 15 months to next payment date	No more than 2% points above the prior Combined Rate	At least 2% points below prior Combined Rate	At least 1% points below the prior Combined Rate
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<p>Net Tangible Benefit</p>	<p>2. Reduction in Term</p> <ul style="list-style-type: none"> If the reduction in term is 36 months or greater (based on the remaining term of the subject property's existing loan), the loan is considered to have met the Net Tangible Benefit to the Borrower if both of the following are satisfied: <ul style="list-style-type: none"> New interest rate is lower than the current interest rate, AND 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. If the reduction in terms is up to 35 months (based on the remaining term of the subject property's existing loan), the loan is considered to have met the Net Tangible Benefit to the Borrower if both the Reduced Combined Rate and the Reduction in Terms are satisfied: <ul style="list-style-type: none"> The new interest rate does not exceed the current interest rate unless going from an ARM to a Fixed-Rate, AND Combined principal, interest and MIP payment of the new mortgage does not exceed the combined principal, interest and MIP payment of the refinanced mortgage by more than \$50. 																																																																		
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