

**Streamline Refinance With Appraisal
Maximum Mortgage Worksheet
FHA to FHA**

4-A.		APPRAISED VALUE ONLY (No Closing Costs Added)	
\$			Appraised Value
X	LTV Factor 97.75%		
=	\$		Maximum Mortgage BEFORE UFMIP
X	1.00%		
=	\$		"Estimated" new UFMIP

NOTE: Discount points may NOT be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has assets to pay them along with any other financing costs not included in the new mortgage amount.

OR

4-B.		EXISTING DEBT PLUS ALLOWABLE ADDITIONAL ITEMS (Subordinate liens and repairs are not eligible for inclusion in the maximum mortgage)	
\$			Unpaid principal balance <i>May include interest charges for the current month, but may NOT include delinquent interest, late charges, or escrow shortages.</i> <i>Original principal balance should be verified from the Refinance Authorization screen in the FHA Connection since this will reflect any principal reductions for the previous loan.</i>
-			MIP Refund, if applicable
+			Allowable borrower-paid closing costs NOTE: Discount points may NOT be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has assets to pay them along with any other financing costs not included in the new mortgage amount.
+			Prepaid Expenses <i>Per Diem interest to end of month on new loan + hazard insurance deposits + real estate tax deposits</i>
=			Maximum Mortgage BEFORE UFMIP
X	1.00%		
=			"Estimated" new UFMIP <i>*See Note on the following page.</i>

MAXIMUM MORTGAGE BEFORE UFMIP IS LOWEST OF (4-A) or (4-B)

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NOTE: If the lower of the calculations above is #4-B, and if the UFMIP refund is greater than the new UFMIP "estimate", you may apply the following calculations to arrive at maximum mortgage amount.
(This will allow the borrower to bring fewer monies to the closing.)

4-C.		UFMIP REFUND IS GREATER THAN THE NEW UFMIP (Subordinate liens and repairs are not eligible for inclusion in the maximum mortgage)	
\$			Unpaid principal balance <i>May include interest charges for the current month, but may NOT include delinquent interest, late charges, or escrow shortages.</i> <i>Original principal balance should be verified from the Refinance Authorization screen in the FHA Connection since this will reflect any principal reductions for the previous loan.</i>
-			"Estimated" new UFMIP (from 4-B above)
+			Allowable borrower-paid closing costs <i>NOTE:</i> <i>Discount points may NOT be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has assets to pay them along with any other financing costs not included in the new mortgage amount.</i>
+			Prepaid Expenses <i>Per Diem interest to end of month on new loan + hazard insurance deposits + real estate tax deposits</i>
=	\$		Maximum Mortgage BEFORE UFMIP

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Property Types

- 1 unit
 - If appraisal is required, condos must be FHA approved with 51% owner occupancy
 - Owner Occupied Only
 - Properties listed for sale in the past 6 months require Level 80 approval
- Note:** FHA does not require repairs to be completed (except for lead based paint repairs) on streamlines with appraisals; however, investor will require completion of repairs as a condition of the loan.

Loan Amount / LTV

- **WITHOUT an Appraisal:**
 - Max Loan Amount may not exceed the original note amount. No LTV limit.
 - The maximum insurable mortgage cannot exceed:
 - Outstanding principal balance – UFMIP refund + new UFMIP
 - New loan term may not exceed the remaining term plus 12 years or new appraisal is required.
- **WITH an Appraisal:**
 - See County limits Chart for Max Loan Amount.
 - The maximum insurable mortgage cannot exceed the lower of:
 - Outstanding principal balance – UFMIP refund + closing costs + escrow prepaids + new UFMIP, **OR**
 - 97.75% of the new appraised value + new UFMIP
 - If an appraisal is ordered and the borrower decides to proceed with a streamline without an appraisal, the appraisal may be voided. (If this is done, the case type in FHA Connection must be changed to reflect that the case number is now a streamline **without** an appraisal.
 - A payoff statement from the previous lender showing the unpaid principal balance should be included in the endorsement binder.
- Maximum 125% CLTV with re-subordination of any subordinate financing. No new subordinate financing is allowed.
 - For streamlines without an appraisal, CLTV is based on original appraised value of the property
 - For streamlines with an appraisal, CLTV is based on the new appraised value of the property
- Discount points may NOT be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has assets to pay them along with any other financing costs that are not included in the new mortgage.
- The outstanding principal balance may include interest charges for the current month, but may not include delinquent interest, late charges, or escrow shortages.
- **Example:** For loans closing in June, the May payment must have been made.
- Loans under \$50,000 require Level 80 approval

1003: Complete 1003 and 92900A required. Must be signed and dated by borrower and interviewer.

Cash to Borrower: Maximum \$500.

Mortgage History & Seasoning

- Assumed properties not eligible for 6 months without credit qualifying
- At the time of the loan application, the borrower must have made at least 6 payments on the FHA insured mortgage being refinanced.
- For mortgages less than 12 months payment history, the borrower must have made all mortgage payments within the month due.
- For mortgages with 12 months payment history or greater, the borrower must have
 - Experienced no more than ONE 30 day late payment in the preceding 12 months, AND
 - Made all mortgage payments within the month due for the three months prior to the date of the loan application.

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Borrower Benefit

- The lender must determine that there is a net tangible benefit, as defined below:
 - Reduction in the Total Mortgage Payment – includes PITI, HOA, rents, special assessments, and all subordinate liens. The new mortgage payment must be at least 5 percent lower than the mortgage payment for the mortgage being refinanced. This requirement is applicable when refinancing from a fixed to fixed, ARM to ARM.
 - ARM to Fixed Rate –
 - For 1-year ARMs: The interest rate on the new fixed rate mortgage will be no greater than 2 percent above the current rate of the ARM.
 - For Hybrid ARMs: the total mortgage payment on the new fixed rate mortgage may not increase by more than 20 percent.
 - Fixed to ARM – interest rate on the new mortgage must be at least 2 percentage points lower than the interest rate on the current mortgage.
 - Note: Current Nationstar/Champion policy is to refinance owner-occupied loans only. FHA will allow investor and second home streamlines; however, these occupancy types are limited to new fixed rate loans only.
 - Reduction in Term must be underwritten as a full rate/term refinance-NOT eligible for streamline

Credit

- Minimum 640 FICO
- Full RMCR tri-merge required.
- May not currently be in bankruptcy
- Collections & charge offs not required to be paid off unless they affect lien position
- Outstanding judgments & liens must be paid if they affect title – exceptions for 12 months repayment plan with subordination agreement
- Non-purchasing spouse credit report required for community property states
- CAIVRS not required; GSA/LDP checks are required

Employment, Income, & Assets

- Lender must verify that the borrower is employed and has income at the time of the application.
 - Underwriting is required to complete a certification that the income has been reviewed and that a prudent underwriting decision is being made. Debt Ratios will be reviewed and considered in the final underwriting decision.
 - Signed and dated IRS 4506T will be required prior to closing. (Do not order IRS transcripts.)
- If assets are needed to close, the lender must verify and document those assets.

Title: Remaining borrower must prove 12 months of making on time payments on his/her own.

Mortgage Insurance

- Upfront premium 1.00%
- Monthly Premium
 - Terms > 15 years
 - LTV > 95% = 90 bps
 - LTV <= 95% = 85 bps
 - Terms <= 15 years
 - LTV > 90% = 25 bps
 - LTV <= 90% = None

AUS: Do NOT run DU. If a DU finding is obtained; cases previously submitted through DU/LP are still eligible for a streamline refinance even receiving a Refer/Eligible finding.

Funding: FHA Streamline loans are typically funded at the end of the month, regardless of the closing date.

Other

- Texas Home Equity (a) (6) not allowed.
- Social Security Numbers must be verified on all borrowers.
- A payoff statement from the previous lender showing the unpaid principal should be included in the endorsement binder.
- A holding period of six months applies when (1) the borrower obtained the loan via non-qualifying assumption, or (2) when a borrower is deleted due to devise or descent of law (e.g. divorce, death, etc.) and a quit-claim deed has been executed. Full credit qualifying is required if held less than six months and/or if the due on sale clause is triggered.