



FHA Refinance			
	Cash out refinance	Rate Term Refinance	Streamline Refinance
1. Adding or subtracting a Borrower	<p>Non-Occupying Co-Borrowers are not allowed.</p> <p>May add or subtract Borrower(s)</p>	<p>May add or subtract Borrower(s)</p>	<p>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.</p> <p>Exception: Non-Credit Qualifying</p> <p>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:</p> <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. <p>Individuals may be added to the title and Mortgage on a non-credit qualifying Streamline Refinance without a creditworthiness review.</p> <p>Credit Qualifying</p> <p>At least one Borrower from the existing Mortgage must remain as a Borrower on the new Mortgage.</p>
2. Appraisal Requirements	<ul style="list-style-type: none"> • Full appraisal • Appraisals are valid for 120 days 	<ul style="list-style-type: none"> • Full Appraisal • Appraisals are valid for 120 days 	<p>None</p>

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3. AUS	DU LPA	DU LPA	None – must be manually underwritten
4. Borrower Eligibility	US Citizens Permanent Resident Non-Permanent Resident <ul style="list-style-type: none"> • Foreign Nationals Not permitted • DACA Visas (C33) permitted See 4000.1 for eligibility		
5. Cash back allowed at closing	Unlimited	\$500	\$500
6. Credit	<p>All payments on all mortgages must be paid within the month due for the previous 12 months or since the borrower obtained the mortgage, whichever is less.</p> <p>Additionally, the payments for all mortgages secured by the subject property must have been paid within the month due for the month prior to mortgage disbursement.</p>	<p>For all mortgages on all properties with less than six months of mortgage payment history, the borrower must have made all payments within the month due.</p> <p>For all mortgages on all properties with greater than six months history, the borrower must have made all mortgage payments within the month due for the six months prior to the case number assignment and have no more than one 30 day late payment for the previous six months for all mortgages.</p> <p>The borrower must have made the payments for all mortgages secured by the subject property for the month prior to mortgage disbursement.</p>	<p>Streamline Refinance may be used when proceeds are used to payoff an existing FHA first mortgage lien.</p> <p><u>Non-Credit Qualifying</u></p> <p>The Borrower must have made all Mortgage Payments for all Mortgages on the subject property within the month due for the six months prior to the case number assignment and have no more than one 30 Day late payment for the previous six months for all Mortgages on the subject Property.</p> <p>The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement.</p> <p><u>Credit Qualifying</u></p> <p>For all mortgages on all properties with greater than six months of Mortgage Payment history, the Borrower must have made all Mortgage payments within the month due for the six months prior to case number</p>

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6. Credit (cont.)			<p>assignment and have no more than one 30 Day late payment for the previous six months.</p> <p>The Borrower must have made the payments for all Mortgages secured by the subject property within the month due prior to mortgage Disbursement.</p>
7. Credit Score	<ul style="list-style-type: none"> • 580 • A no credit score borrower is allowed and will require a manual underwrite. 		
8. Derogatory Credit Event	<p>Derogatory Credit Event Waiting Periods:</p> <ul style="list-style-type: none"> • Seasoning of waiting period must be met prior to application. • Foreclosure – 3 years from the completion date of the foreclosure action. <ul style="list-style-type: none"> • If FHA foreclosure, three year waiting period begins when FHA pays the claim to the lender. • Deed in Lieu of Foreclosure or Pre-foreclosure Sale or Short Sale – 3 years from the date of the pre-foreclosure sale. <ul style="list-style-type: none"> • If the loan was a FHA, the three year waiting period begins when FHA paid the claim associated with the pre-foreclosure sale. • Properties surrendered through BK, follow foreclosure seasoning above. • Bankruptcy Chapter 7 or 11: 2 years from the discharge date. • Bankruptcy Chapter 13 - Total Scorecard Approve/Eligible: 2 years from discharge date. If less than 2 years, the file must be manually downgraded and follow Manual UW guidelines. • Bankruptcy Chapter 13 Manual UW: All the following must be met: <ol style="list-style-type: none"> a) 1 year of the payout period under the bankruptcy has elapsed; and b) the borrower’s payment performance has been satisfactory, and all required payments have been made on time, and c) If not already discharged, the borrower must receive written permission from the bankruptcy court to enter into the mortgage transaction. 		

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9. Qualifying Ratios	AUS Decision	Minimum Credit Score	Maximum Qualifying Guidelines	Acceptable Compensating Factors
	Approve	580	Follow AUS	No compensating factors required
	Refer and Manual Underwrite	580 or No Credit Score	31% / 43%	No compensating factors required No Credit score is priced as a 620 score
	Refer and Manual Underwrite	580 or above	37% / 47%	One of the following: <ul style="list-style-type: none"> Verified and documented cash Reserve: <ul style="list-style-type: none"> Minimum 3 months PITIA for 1-2 units or 6 months PITIA for 3-4 units; Minimal increase in housing payment: <ul style="list-style-type: none"> New total monthly mortgage payment not more than \$100 or 5% higher than previous total monthly housing payment, whichever is less, and 1 x 30 in last 12-month housing history (cash out 0 x 30 in last 12 months); or Residual income.
	Refer and Manual Underwrite	580 or above	40% / 40%	Borrower with no discretionary debt
	Refer and Manual Underwrite	580 or above	40% / 50%	Two of the following: <ul style="list-style-type: none"> Verified and documented cash Reserve: <ul style="list-style-type: none"> Minimum 3 months PITIA for 1-2 units or 6 months PITIA for 3-4 units; Minimal increase in housing payment: <ul style="list-style-type: none"> New total monthly mortgage payment not more than \$100 or 5% higher than previous total monthly housing payment, whichever is less, and 1 x 30 in last 12-month housing history (cash out 0 x 30 in last 12 months); or Significant additional income not reflected in Effective Income; and/or Residual income.

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10. Documentation Requirements	Must be fully documented as per the 4000.1	Must be fully documented as per the 4000.1	<p>Both credit and non-credit qualifying:</p> <ul style="list-style-type: none"> • Credit report with credit score- at least one borrower must have a credit score. • Verbal VOE • Funds to close must be verified if they exceed the total Mortgage Payment of the new Mortgage, in accordance with the 4000.1 <p>Credit qualifying Streamline Refinances must meet all requirements and be documented with the Manual Underwriting guidelines from the 4000.1, except for any requirements for Appraisals or LTV Calculations.</p>
11. Maximum Mortgage Amount Calculations	<p>Maximum LTV is 80% of the adjusted value</p> <p>Subject to the Nationwide Mortgage Limit</p>	<p><u>For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of:</u></p> <ul style="list-style-type: none"> • The Borrower’s purchase price, plus any documented improvements made subsequent to the purchase; or • The Property Value <p>Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for properties purchased 12 months or greater.</p> <p>For properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.</p>	<p>Standard</p> <p>Both credit and non-credit qualifying:</p> <p>Owner Occupied 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; and • MIP due on the existing Mortgage; and • Less any refund of UFMIP; or • The original principal balance of the existing Mortgage (including financed UFMIP); and <ul style="list-style-type: none"> • Less any refund of UFMIP <p>Investment Properties is the lesser of:</p>

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11. Maximum Mortgage Amount Calculations (cont.)		<p>The maximum LTV/CLTV for a Rate Term refinance is:</p> <ul style="list-style-type: none"> 97.75% for properties that have been owner occupied for the previous 12 months, or owner occupied since acquisition if acquired within 12 months at case number assignment. 85% for a borrower who has occupied the subject property as their principal residence for fewer than 12 months prior to the case number assignment date; or if owned less than 12 months, has not occupied the property for that entire period of ownership. <p><u>Calculating Maximum Mortgage Amount</u></p> <p>Standard: The lesser of:</p> <ul style="list-style-type: none"> The Nationwide Mortgage Limit; The maximum LTV based on the Maximum LTV Ratio from above OR; The sum of existing debt and costs associated with the transaction as follows: <ul style="list-style-type: none"> The unpaid principal balance of the first Mortgage as of the month prior to mortgage Disbursement; The unpaid principal balance of any purchase money junior Mortgage as of the month prior to mortgage Disbursement; The unpaid principal balance of any junior liens over 12 months 	<ul style="list-style-type: none"> The outstanding principal balance of the existing Mortgage as of the month prior to mortgage Disbursement, minus any refund of UFMIP; or The original principal balance of the existing Mortgage (including financed UFMIP), minus any refund of UFMIP. <p>Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the Streamline Refinance. New Subordinate financing is permitted only where the proceeds of the subordinate financing are used to:</p> <ul style="list-style-type: none"> Reduce the principal amount of the FHA insured Mortgage; or Finance the origination fees, other closing costs, prepaid items, or discount points associated with the refinance. <p>There is no maximum CLTV.</p> <p>Subject to the Nationwide Mortgage Limit</p>

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11. Maximum Mortgage Amount Calculations (cont.)		<p>old as of the date of mortgage Disbursement. If the balance or any portion of an equity line of credit in excess of \$1,000 was advanced within the past 12 months and was for purposes other than repairs and rehabilitation of the Property, that portion above and beyond \$1,000 of the line of credit is not eligible for inclusion in the new Mortgage;</p> <ul style="list-style-type: none"> • Ex-spouse or co-borrower equity, as described in the 4000.1 under “Refinancing to Buy out Title Holder Equity”; • Interest due on the existing Mortgage(s); • The unpaid principal balance of any unpaid PACE obligation; • Mortgage Insurance Premium (MIP) due on existing Mortgage; • Any prepayment penalties assessed; • Late charges; and • Escrow shortages; • Allowed costs include all Borrower paid costs associated with the new Mortgage; and • Any borrower paid repairs required by the appraisal • LESS any refund of the Upfront Mortgage Insurance Premium (UFMIP) <p>See the 4000.1 for other refinance type maximum loan amount requirements.</p>	

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12. Mortgage Seasoning Requirements	<p>On the date of the FHA case number assignment:</p> <ul style="list-style-type: none"> The Property must have been owned and occupied by the Borrower as their Principal Residence for the 12 months prior to the date of case number assignment. <p>Exception:</p> <ul style="list-style-type: none"> In the case of inheritance, a Borrower is not required to occupy the Property for a minimum period of time before applying for a cash-out refinance, provided the Borrower has not treated the subject Property as an Investment Property at any point since inheritance of the Property. If the Borrower rents the Property following inheritance, the Borrower is not eligible for cash-out refinance until the Borrower has occupied the Property as a Principal Residence for at least 12 months. <p>On the date of the FHA case number assignment:</p> <ul style="list-style-type: none"> The Borrower must have made at least six payments on the FHA insured loan 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 1st Payment Due Date of the Mortgage that is being refinanced. 	<p>On the date of the FHA case number assignment:</p> <ul style="list-style-type: none"> Borrower must occupy the subject property at time of case number. If subject was acquired in the past 12 months the LTV will be based on the lesser of the current appraised value or acquisition cost plus documented/verified improvements. AND The Borrower must have made at least six payments on the FHA insured loan 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 1st Payment Due Date of the Mortgage that is being refinanced. 	<p>On the date of the FHA case number assignment:</p> <ul style="list-style-type: none"> The Borrower must have made at least six payments on the FHA insured loan 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 1st Payment Due Date of the Mortgage that is being refinanced.

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13. Net Tangible Benefit	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Reduction in interest rate Reduction in loan term Buy out an existing title-holder's equity in the subject property. <ul style="list-style-type: none"> Requires a copy of the divorce decree, settlement agreement, or other legally enforceable equity agreement to document the equity awarded to the title-holder. 	<p>Combined Rate refers to the interest rate on the Mortgage plus the MIP rate.</p> <p><u>Refinancing without a Term Reduction:</u></p> <p>For loans that currently have a Fixed Rate refinancing to another Fixed Rate, the new Combined Rate must be at least 0.5 percentage points below the prior Combined Rate.</p> <p><u>Refinancing with a Term Reduction:</u></p> <p>For loans that currently have a Fixed Rate refinancing to another Fixed Rate, the new Combined Rate must be below the current rate.</p> <p>Additionally, the combined principal, interest and MIP payment of the new mortgage must not exceed the combined principal, interest, and MIP payment of the refinanced Mortgage by more than \$50</p> <p>See the 4000.1 for loans with current ARM loans.</p>

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14. Occupancy Requirements	<p>Primary Residence</p> <p>The property securing the cash out refinance must have been owned and occupied by the borrower as their primary residence for 12 months prior to the date of the case number assignment. Occupancy must be documented by:</p> <ul style="list-style-type: none"> • Employment documentation OR • Utility bills <p>See 4000.1 for exceptions</p>	<p>Primary Residence</p> <p>Occupancy must be documented by:</p> <ul style="list-style-type: none"> • Employment documentation OR • Utility bills 	<p>Primary Residence HUD Approved Secondary Residences Non-owner Occupied Properties</p> <p>Occupancy must be documented by:</p> <ul style="list-style-type: none"> • Employment documentation OR • Utility bills <p>If unable to obtain evidence from the above that the Borrower occupies the property, the loan must be processed as a non-occupied property.</p>
15. Property	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-4 units • 1 unit PUD • Condo <ul style="list-style-type: none"> • Must be on FHA approved list • Modular, Precut, Panelized Housing • Manufactured Homes (double wide only) <ul style="list-style-type: none"> • Satisfactory Structural Engineers report evidencing that the home is structurally sound and has been affixed permanently according to HUD PFGMH guidelines • Manufactured housing PUD units – detached only <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • 2-4 unit PUD • Condo Hotel • Singlewide Manufactured Homes • Co-op • Properties located within designated Coastal Barrier Resource System (CBRS) areas • Leasehold Estates <p>Septic Inspections and Well Water Testing</p> <p>Septic Inspections</p> <ul style="list-style-type: none"> • Existing Construction: Not required unless Appraiser has reported deficiencies and recommends Septic inspection in appraisal report 		

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Cash out refinance

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15. Property (cont.)

Well Water Testing

• Existing Construction:

- where an Appraiser has reported deficiencies with a well or the well water;
- where water is reported to be unsafe or known to be unsafe;
- located in close proximity to dumps, landfills, industrial sites, farms (pesticides) or other sites that could contain hazardous wastes; or
- where the distance between the well and septic system is less than 100 feet.

- All testing must be performed by a disinterested third party. This includes the collection and transport of the water sample collected at the water supply source. The sample must be collected and tested by the local health authority, a commercial testing laboratory, a licensed sanitary engineer, or other party that is acceptable to the local health authority. At no time will the Borrower/owner or other Interested Party collect and/or transport the sample.

If the property has both a septic tank and a well, the following distances must be certified by the appraiser, surveyor, professional in the field or the local jurisdiction.

Individual Water Supply System for Minimum Property Requirements for Existing Construction*	
1	Property line/10 feet
2	Septic tank/50 feet
3	Drain field/100 feet
4	Septic tank drain field reduced to 75 feet if allowed by local authority
5	If the subject Property line is adjacent to residential Property then local well distance requirements prevail. If the subject Property is adjacent to nonresidential Property or roadway, there needs to be a separation distance of at least 10 feet from the property line.
* distance requirements of local authority prevail if greater than stated above	



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16. Term of loan	<ul style="list-style-type: none"> 10, 15, 20, 25, and 30 year terms offered 	<ul style="list-style-type: none"> 10, 15, 20, 25, and 30 year terms offered 	<p>The maximum amortization period of a Streamline Refinance is limited to the lesser of:</p> <ul style="list-style-type: none"> The remaining amortization period of the existing Mortgage plus 12 years; or 30 years.

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