



HomeMac

FHA Streamline Program Guidelines

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FHA Streamline Conforming & High Balance Grid

FIXED RATE & ARM Primary Residence (Second Home HUD Approved)				
Transaction Type	Units	LTV/CLTV	Loan Amount ^{1,2}	Credit Score
Streamline-Owner Occupied	1-4	N/A / N/A	FHA Limit	N/A
Streamline-Second Home	1-4	N/A / N/A		

Footnotes:

1. See "Maximum Loan Amount" for FHA Streamline Refinances Property.
2. FHA mortgage limits for all areas are available at [FHA Mortgage Limits](#).

Complete HUD guidelines can be found at [HUD Handbook 4000.1](#). For mortgages where FHA does not require an appraisal, the value from the previous mortgage is used to calculate the LTV.

4506-C

Non-Credit Qualifying

- Not required

Credit Qualifying

- Tax transcripts, are required per AUS findings or can be obtained in lieu of W-2 or tax returns both personal and business
- 4506-C must be signed by all borrowers at loan closing.

Appraisals

Not required.

Assets

Non-Credit Qualifying

- Asset verification not required unless assets required for closing is in excess of the total mortgage payment of the new mortgage.

Credit Qualifying

- Standard asset verification required. See [HUD Handbook 4000.1](#) for complete details.

Reserves

Non-Credit Qualifying:

- Not required

Credit Qualifying:

- 1-2 units - 1-month PITI required
- 3-4 units - 3-months PITI required

AUS

Not applicable. All Streamlines require manual underwrite.

Borrower Benefit

All Streamline transactions **must** have a net tangible benefit to the borrower. Net tangible benefit requirements are as follows:

From	To		
	Fixed Rate New Combined Rate	1-Year ARM New Combined Rate	Hybrid ARM New Combined Rate
Fixed Rate	0.5% points below prior Combined Rate	Rate must be at least 2% points below the prior Combined Rate.	
Any ARM < 15 months to Next Payment Change Date	Rate must not be > 2% points above the prior Combined Rate	Rate must at least 1% point below the prior Combined Rate.	
Any ARM ≥ 15 months to Next Payment	Rate must not be > 2% points above the prior Combined Rate.	Rate must be at least 2% points below the prior Combined Rate.	Rate must be at least 1% point below the prior Combined Rate.

A reduction in term is eligible when the benefit test is met:

- Remaining amortization period of the existing mortgage is reduced
- New Interest rate does not exceed the current interest rate, and
- The combined principal, interest and MIP payment of new mortgage must not exceed the combined principal, interest, and MIP of the refinanced mortgage by more than \$50.

Borrower Eligibility

Non-Credit Qualifying Borrower(s)

- Existing borrower(s) who will remain on the new mortgage.
- Borrower(s) may be added to the title and mortgage without a credit worthiness review.
- Borrower on the Mortgage 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 months prior to case number assignment.

Credit Qualifying Borrower(s)

- At least one borrower from the existing mortgage must remain as a borrower on the new mortgage.

Eligible Borrowers

- U.S. citizens
- Permanent resident aliens:
 - Permanent resident alien borrowers must hold an unexpired "Green Card" issued by the U.S. Citizenship and Immigration Services (USCIS). A copy of both the front and back of the card is required
- Non-permanent resident aliens are eligible as follows:
 - Borrower has a valid Social Security number (cannot be used as evidence of eligible work status)
 - Borrower has an unexpired Employment Authorization Document (EAD) issued by the United States Citizenship and Immigration Services (USCIS) as evidence of eligible work status. If the authorization for temporary residency status expires within one year, continuation may be assumed when a prior history of renewals. If no continuation has been previously granted the underwriter must determine the likelihood based on evidence from USCIS.
 - Borrower(s) may be removed from title and new mortgage in cases of:
 - Divorce
 - Legal separation, or
 - Death when:
 - A divorce decree or legal separation agreement awarded the property and responsibility for payment to the remaining borrower, if applicable, and
 - The remaining borrower demonstrates all mortgage payments have been paid for a minimum of six months prior to case number assignment. See "*Mortgage Seasoning*" on page 12.
- Inter-vivos trusts that meet HUD guidelines
- All borrowers are required to have a social security number; a TIN is not acceptable.
- Borrowers can only be removed on credit qualifying Streamlines subject to HUD guidelines. See [HUD Handbook 4000.1](#) for guidance.

See FHA Conforming and High Balance Program Guidelines "*Borrower Eligibility*" above.

Case Numbers

- Case number requests must comply with HUD Mortgagee Letter 2011-10. To view the Mortgagee Letter in its entirety, go to: HUD Mortgagee Letters.
- FHA requires an active loan application for the borrower and property.

- Case numbers older than 6 months will be automatically canceled when there has been no activity. A Case Reinstatement Request must be submitted to reinstate the case number.

Credit Report/Scores

Non-Credit qualifying

- Mortgage only credit report with minimum 580 FICO score

Credit Qualifying

- Full tri-merge credit report required.

Derogatory Credit

For *Credit-Qualifying Streamlines only*, follow manual guidelines

Disputed Derogatory Credit

Disputed Derogatory Credit Account refers to disputed Charge-off Accounts, collection accounts, and accounts with late payments in the last 24 months. A letter of explanation is required from the borrower whenever a derogatory disputed account is indicated on the credit report regardless of the cumulative balance.

The underwriter determines if the disputed accounts must be considered in the credit decision and, at underwriter discretion, the account may be required to be resolved prior to loan closing.

- Disputed accounts not required in cumulative total:
 - Disputed medical accounts.
 - Disputed accounts that are the result of documented identity theft. If documentation cannot be provided (e.g., police report) to substantiate the claim, the amount must be included in the cumulative total.
 - Disputed derogatory credit account of a non-purchasing spouse in a community property state.
- Disputed Accounts – Non-Derogatory
 - Disputed account with a zero balance, or
 - Disputed account with late payments aged 24 months or greater, or
 - Disputed account that is current and paid as agreed.
- Disputed Accounts \geq \$1,000 (cumulative for all borrowers)
 - Loans with an “Approve/Eligible” Finding must be downgraded to a manual underwrite if the credit report indicates there are disputed accounts with a cumulative total (includes disputed accounts for all borrowers) \geq \$1,000.
- Disputed Accounts $<$ \$1,000 (cumulative for all borrowers)
 - A downgrade to a manual underwrite is not required if the cumulative total of all disputed accounts $<$ \$1,000.
 - Non-derogatory accounts are not included in the cumulative total; however, the underwriter must address when considering the borrower’s ability to repay the loan including the impact to the DTI.

Tax Liens

Tax liens must be paid or subordinate to the company's 1st lien, with the following exceptions:

Tax liens may remain unpaid if:

- Borrower has entered into a valid repayment agreement with the lien holder to make regular payments on the debt, and borrower has made timely payments for at least three months of scheduled payments
- Borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments
- Except for Federal Tax Liens, the lien holder must subordinate the tax lien to the FHA-insured Mortgage.

Short Sale Eligible

Borrower(s) are not eligible for a new FHA-insured mortgage if they pursued a short sale agreement within three years unless the following applies.

- If Short sale within 3 years, the mortgage must be downgraded to a "Refer" and manually underwritten
- 3-year period begins on the date of transfer of title by the short sale.

Short Sale Ineligible

Borrower Current at Time of Short Sale

- Mortgage payments due on the prior mortgage were made within the month due for the 12 months preceding the short sale, and
- Installment debt payments for the same time period were also made within the month due.

Exceptions

An exception to the above may be made if the default was due to extenuating circumstances, such as death of the primary wage earner or a long-term uninsured illness. A review of the credit report must indicate satisfactory credit prior to the extenuating circumstances that cause the default.

Borrower in Default at Time of Short Sale

- A borrower in default on their mortgage payment at the time of the short sale (or pre-foreclosure sale) or a borrower is not eligible for a new FHA insured mortgage for 3 years from the date of the pre-foreclosure sale
- A borrower who sold their property under FHA's pre-foreclosure sale program is not eligible for a new FHA insured mortgage for 3 years from the date that FHA paid the claim associated with the pre-foreclosure sale.

Bankruptcy

Documentation of 2 years since discharge date of the bankruptcy required. No further documentation is required if discharge date is reflected on the credit report. If discharge is not reflected, bankruptcy and discharge must be per Total Scorecard.

Bankruptcy does not automatically disqualify the borrower from obtaining FHA insurance subject to the following guidelines.

Chapter 13

- Borrower has completed 1 year of the payout period, and
- Borrower has made all required payment on time, and
- Borrower has received written permission from the bankruptcy court to enter into a mortgage transaction.
- Manual underwriting guidelines apply.

Chapter 7

- Document 2 years have elapsed since discharge date and no further documentation is required.
- An elapsed period of less than two years, but not less than 12 months, may be acceptable if:
 - The bankruptcy was caused by extenuating circumstances beyond the borrower's control
 - Evidence of the ability to manage financial affairs
 - No new credit obligations have incurred
 - Borrowers whose bankruptcy was discharged < 1 year are generally not eligible.

Consumer Credit Counseling

- One year of payout under the plan has elapsed
- All payments have been made on time
- The Counseling Agency has provided written permission for the borrower to enter into a mortgage transaction

Delinquent Child Support

Delinquent child support must be paid current or in a payment plan.

Foreclosure/Deed-in-Lieu

- Borrowers are generally not eligible for new FHA financing if a foreclosure or deed-in-lieu has occurred in the previous 3 years.
- If < 3 years from the foreclosure settlement date to the application date, the borrower may be eligible. Subject to the following:
 - Borrower must have re-established credit
 - No late housing or installment payments after the foreclosure, and
 - A letter of explanation as to the reason for foreclosure.

NOTE: If the foreclosure was included in a Chapter 7 bankruptcy, the date of the foreclosure deed is used for determining the foreclosure date.

Collection/Charge-Off/Judgments

- The borrower is required to provide a letter of explanation and supporting documentation for all collection, charge-off accounts, and judgments. The letter must document that the collection and/or judgment was not due to the borrower's disregard of their financial obligation or their ability to manage debt.
- A letter of explanation is not required for collection accounts, charge-off accounts, accounts with late payments, judgments, or other derogatory information.

Collections/Charge-Offs

The underwriter must consider the borrower's ability to repay the mortgage when the cumulative balance for all borrowers of collection/charge-off account(s) is > \$2,000 (including any collection accounts of a non-purchasing spouse in community property states unless excluded by state law) on manual underwrites.

All medical collection accounts and all charge-off accounts (medical and non-medical) are excluded from the collection/charge-off guidance. All non-medical collection accounts must be included.

Accounts Cumulative ≥ \$2,000

One of the following is required:

- Payment in full prior to or at closing. Source of funds for payoff must be documented, or if borrower currently in a payment plan (no minimum time required), the payoff must be included in the DTI, or
- If a payment plan not established, calculate 5% of the outstanding balance and include in the DTI calculation.

Accounts Cumulative < \$2,000

No action required. Accounts cannot be paid down to < \$2,000.

Judgments

Judgments are required to be paid off including judgments against a non-purchasing spouse in community property states (unless excluded by state law) and medical judgments. The payment requirement may be waived if the borrower is currently in a payment plan with the creditor:

- A copy of the agreement is provided, and
- Borrower has made a minimum 3 months of the scheduled payments as agreed prior to credit approval. Supporting documentation is required.
- Payments must be included in the DTI calculation

NOTE: The borrower cannot prepay scheduled payments to satisfy the 3-month requirement.

Documentation

- Payoff statement on existing mortgage
- Employment documentation or utility bills are required to evidence property is the current

primary residence

- Evidence of approved Jurisdictional HOC required on all Secondary Residence
- Transaction must be processed as a non-owner-occupied Property if:
 - Evidence that the borrower occupies the property either as a Principal or Secondary Residence cannot be obtained.

Special Documentation

Non-Credit Qualifying

- An abbreviated URLA is allowed provided all other information is required. The following are not required to be completed and may be left blank.
 - Section 1e — Related to Income
 - Section 2 — Financial Information - Assets and Liabilities
 - Section 3 — Financial Information - Real Estate
 - Section 5 — Declarations, except for 5a.A (Occupancy), which must be answered

Credit Qualifying

- Full URLA required

DTI

Non-Credit qualifying

- Not required

Credit Qualifying

- NOTE: All transactions must meet the manual underwriting requirements except for any requirements for appraisal or LTV calculations

Employment and Income

Non-Credit Qualifying

- Not required

Credit Qualifying

- Borrower authorized Third Party Verification (TPV) is an acceptable option per HUD Handbook 4000.1 guidelines.
- Re-verification is required within 10-calendar days prior to the date Note date.
- Sellers must independently obtain the phone number, and when possible, the address of the wage earner borrower's employer using directory assistance/internet/phone book, etc.
- Wage earners: current 30-day paystub with YTD earnings and most recent 2-years W-2s
- Self-employed: tax returns that include a minimum 2-years' self-employed income.
- Third-Party Verification (TPV) acceptable to FHA.

Escrow/Impound Account

Required on all loans — no exceptions.

Higher Priced Mortgage Loans

HPML eligible on all Streamlines, however, credit qualifying is subject to the DTI restrictions detailed in HUD ML-2014-02 dated January 21, 2014.

Maximum Cash Back At Closing

- No more than \$500 to borrowers in excess cash

Maximum Mortgage Amortization

The maximum amortization period is limited to the lesser of:

- The remaining amortization period of the existing Mortgage plus 12 years; or
- 30 years

Maximum Loan Amount

For owner-occupied principal residences and HUD-approved secondary residences, the maximum base loan amount for Streamline Refinances is:

- The lesser of:
 - Outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus:
 - Interest due on the existing mortgage;
 - Late charges;
 - Escrow shortages; and
 - MIP due on existing mortgage; or
 - The original principal balance of the existing mortgage (including financed UFMIP).
 - Less any refund of UFMIP.

Mortgage Payment History**Non-Credit Qualifying**

- All payments must have been made within the month due for six months prior to case number assignment date, and
 - 1 x 30 for the previous 12 months
 - 0 x 30 for the previous 3 months prior to application date

Credit Qualifying

- Payments for properties with < 6 months payment history must be paid within the month due. See "Mortgage Seasoning" below for additional requirements.
- Payments for Properties with > 6 months payment history must be paid for 6 months prior to case assignment date.
 - 1 x 30 for previous 6 months

All secured mortgage payments must have been made within the month due for the month prior to mortgage disbursement.

Mortgage Seasoning

On the date of the FHA case number assignment:

- The Borrower must have made at least six payments on the FHA insured Mortgage that is being refinanced (where the FHA insured Mortgage has been modified, the Borrower must have made at least six payments under the modification agreement);
- 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, they must have made six payments since the time of assumption.

GNMA Seasoning

In addition, the following GNMA mortgage seasoning requirements must be met.

- The borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the initial Loan, beginning with the payment made on the first payment due date; and
- The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the initial Loan.

NOTE: Refinance of loans on which fewer than six consecutive regularly scheduled payments have been made are not eligible for financing.

Occupancy

- Owner-occupied primary residence. Evidence that the Borrower currently occupies the property as their primary residence must be obtained using one of the following:
 - Borrower's employment documentation
 - Utility Bills
 - Direct electronic verification by a Third Party Verification (TPV) vendor verifying the borrower's address is the same as that of the subject property
- HUD-approved Secondary residence with evidence of Jurisdictional HOC required (fixed rate only)

Property Eligibility

Eligible Properties

- 1-4 Units
- PUDs (attached/detached). PUDs do not require a questionnaire/warranty form.
- Mixed use subject to:
 - Property must conform to residential nature of the neighborhood, and
 - Commercial use cannot exceed 49% of the gross living area

- Manufactured Home
- Condominiums Permitted in FHA approved Condominium Projects (HRAP approval only and must be valid when case number is issued) or on units approved in accordance with the FHA Single Unit approval process. Single Unit approvals must have an AUS “Accept” recommendation or LTV is limited to 90%. See HUD Handbook 4000.1 for underwriting details and Case Number assignment process.

Properties Listed for Sale

Properties listed for sale in the previous 12 months require proof of being taken off the market prior to application.

Subordinate Financing

- Existing subordinate financing may remain in place but must re-subordinate to the new mortgage.
- New subordinate financing allowed only when subordinate finance proceeds are used to:
 - Reduce the principal amount of the existing FHA-insured mortgage, or
 - Finance the origination fees, other closing cost, or discount points.

Mortgage Insurance Premium

Mortgage Insurance Premium Factors for Case Numbers Assigned on or after January 26, 2015				
Mortgage Term > 15 Years				
Loan Amount	LTV	Annual MIP	Upfront MIP	Annual MIP Assessment Period
≤\$625,500	≤90%	0.50%	1.75	11 years
	>90% ≤95%	0.50%		Life of loan
	>95%	0.50%		Life of loan
>\$625,500	≤90%	0.70%		11 years
	>90% ≤95%	0.70%		Life of loan
	>95%	0.70%		Life of loan
Mortgage Insurance Premium Factors for Case Numbers Assigned on or after January 26, 2015				
Mortgage Term < 15 Years				
Loan Amount	LTV	Annual MIP	Upfront MIP	Annual MIP Assessment Period
≤\$625,500	≤90%	0.15%	1.75	11 years
	>95%	0.40%		Life of loan

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>\$625,500	≤78%	0.15%		11 years
	>78% ≥90%	0.40%		11 years
	>78% ≤90%	0.65%		Life of loan

For refinance of previous Mortgage endorsed on before May 31, 2009 UFMIP: 1 (bps) (.01%) All mortgages			
All Mortgage Terms			
Loan Amount	LTV	Annual MIP	Annual MIP Duration
All	≤90%	0.55%	11 years
	>90%		Life of loan

For mortgages where FHA does not require an appraisal, the value from the previous mortgage is used to calculate the LTV.