

# INDEX

## FHA Refinance Regulations & Worksheets

May 2011

<b>4</b>	<b>Refinance Transactions Overview</b>
4	Purpose of a Refinance Transaction
4	Maximum Percentage of Financing
4	Types of Refinances
5	Maximum Refinancing Term
5	Re-Using an Appraisal
5	Refinance Authorization Numbers for FHA-to-FHA Refinances
5	Maximum LTV Factors and UFMP for Various Types of Refinance Transactions
6	Skipped Payments Are Not Acceptable
6	Payoff Statements for Liens Against Subject Property
7	Refinance Transactions on Manufactured Homes
7	Borrower Occupancy of Former Investment Property Being Refinanced
8	FAQs: Borrower Occupancy of Former Investment Property (All Refinances)
8	Refinances of Three and Four Unit Properties (Reference)
<b>10</b>	<b>No Cash-Out (Rate/Term) Refinance Transactions</b>
10	Maximum Mortgage Calculation
10	Calculating the Existing Debt on a No Cash-Out Rate/Term Refinance
11	Subordinate Liens
11	All Refinances -- Subordinate Liens FAQs on Home Equity Line of Credit (HELOC)
12	Refinancing to Buy Out Ex-Spouse or Co-borrower Equity
12	Mortgage Calculation for a Property Acquired Less Than 1 Yr Before Loan Application
13	Short Pay Offs
<b>14</b>	<b>Cash-Out Refinance Transactions</b>
14	Eligibility for Cash-Out Refinances
14	Ineligibility of Delinquent Borrowers for Cash-Out Refinances
15	Restriction on Addition of Non-Occupant Co-borrower for Credit Underwriting Compliance
15	Borrower Must Be Current on Mortgage to Be Eligible for a Cash-Out Refinance
15	Subordinate Liens and CLTV Ratios on Cash Out Refinances
16	Maximum Mortgage Amount Calculation Based on Length of Ownership
16	Cash-Out Refinance FAQs
18	Risk on Cash-Out Refinancing for Debt Consolidation
<b>19</b>	<b>Streamline Refinances</b>
19	Purpose of a Streamline Refinance
19	Additional Streamline Refinance Policies and Instructions (Reference)
<b>20</b>	<b>Streamline Refinance Without an Appraisal</b>
20	Streamline Refinancing Mortgage Limits
20	Maximum Mortgage Term for Streamline Refinances
20	Maximum Insurable Mortgage Calculation for Streamline Refinances Without an Appraisal
20	Non-Owner Occupant Properties - Refinance for Principal Balance Only
21	Streamline Refinances For Non-Owner Occupant Properties
21	Policy on Subordinate Financing on Streamline Refinances Without an Appraisal
21	FAQs - All Refinances - Subordinate Liens on Home Equity Line of Credit (HELOC)
<b>23</b>	<b>Streamline Refinances With an Appraisal (Credit Qualifying Only)</b>
23	Maximum Insurable Mortgage Calculation for Streamline Refinances With an Appraisal
23	Subordinate Financing on Streamline Refinances With An Appraisal Refinances With An
24	Restriction on Borrower Cash Back at Closing on a Streamline Refinance With an Appraisal
24	SL Refinance WITH Appl for Non-Credit-Qualifying Borrower - Max Loan Amt.
<b>25</b>	<b>No Credit Qualifying Streamline Refinances</b>
25	Non-Credit-Qualifying - Streamline Refinance Maximum Insurable Loan Balance
25	FAQs: Non Credit Qualifying Streamline Refi – Maximum Insurable Loan Balance
26	Policy on Subordinate Financing on Streamline Refinances With An Appraisal
26	Restriction on Borrower Cash Back at Closing on a Streamline Refi With Appraisal
<b>27</b>	<b>Additional Requirements for Streamline Refinances</b>

27	Permissible Geographic Areas for Streamline Refinances
27	Use of Appraisals on Streamline Refinances
27	Ignoring or Setting Aside an Appraisal on Streamline Refinances
27	Reviewing HUD LDP and GSA Exclusion Lists
28	Credit Report Requirements and Availability of Credit Score for Streamline Refinances
28	Underwriting Requirements, Use of TOTAL Scorecard and Loan Application Documentation
29	Certification of Borrower's Employment and Income for a Streamline Refinance
29	Payoff Statement Requirement on Streamline Refinances
29	Loan Application on Streamline Refinances
<b>30</b>	<b>Credit Qualifying Streamline Refinances</b>
30	Features of a Credit Qualifying Streamline Refinance
30	Maximum Mortgage Amount
30	Required Documentation on Credit Qualifying Streamline Refinance
31	Required Usage of a Credit Qualifying Streamline Refinance
<b>32</b>	<b>Streamline Refinance Borrower and Property Related Requirements</b>
32	Borrower Cash to Close on a Streamline Refinance
32	Assets Needed to Close FAQs
32	Assuming Borrower Eligibility for Streamline Refinance Without Credit Qualifying
32	Holding Period Prior to Borrower Eligibility on a Streamline Refinance
32	Borrower Additions or Deletions to the Title
33	Withdrawn Condominium Approvals
33	Seven Unit Exemptions
33	Seasoning and Mortgage Payment History Requirement for Borrower Eligibility
33	Mortgage Payment History Requirement for a Streamline Refinance
<b>35</b>	<b>Types of Permissible Streamline Refinances</b>
35	No Cost Refinances
35	Transactions Ineligible for Streamline Refinance Term Reduction
35	Ineligibility of Delinquent Mortgages
35	ARM to ARM Refinancing
35	ARM to Fixed Rate Refinancing
36	Fixed Rate to ARM Refinancing
36	GPM to Fixed Rate Refinancing
36	GPM to ARM Refinancing
36	Section 203(k) to Section 203(b) Refinancing
37	Section 235 to Section 203(b) Refinancing
37	Investment Properties or Secondary Residences Ineligible for Streamline Refinance
<b>38</b>	<b>Establishing Net Tangible Benefit of Streamline Refinance</b>
38	Definition of Net Tangible Benefit of Streamline Refinance
38	Net Tangible Benefit of Reduction in Total Mortgage Payment from Streamline Refinance
39	Net Tangible Benefit of ARM Refinance Matrix
39	Hybrid ARM Net Tangible Benefit FAQs
<b>41</b>	<b>FHA Refinance of Borrowers in Negative Equity Positions</b>
<b>48</b>	<b>Refinance Worksheets</b>
48	Worksheet #1 - Rate and Term Refinance
51	Worksheet #2 - Cash-out/Non Streamline Refinance
54	Worksheet #3 - Streamline Refinance WITHOUT Appraisal
58	Worksheet #4 - Streamline Refinance WITH Appraisal
63	Streamline Refinance Net Tangible Benefit Worksheet
64	Refinance FAQs
65	Streamline Refinance FAQs
69	Calculating the FHA UFMIP Refund for FHA to FHA Refinance
71	Refinance Authorization in FHA Connection