

## FHA Streamline Product Guidelines WHOLESALE

STANDARD & HIGH BALANCE SFR, PUD, Condo, 2-4 Units						
Occupancy	Min Credit Score	Min Loan Amount	Max Loan Amount	Max LTV	Max CLTV	Mortgage Rating
Primary Residence	580	\$75,000	Per FHA Calc*	Per FHA Calc	None	0x30 for 6 mos prior to case # assignment, and 1x30 for previous 6 months***
Investment	660	\$75,000	Per FHA Calc**	Per FHA Calc	None	<b>0x30 for 12 mos prior to case # assignment***</b>
<p>*Maximum Base Loan Amount for <b>Primary Residence</b>:</p> <p>The lessor of:</p> <ol style="list-style-type: none"> <li>1. The outstanding principal balance of the existing mortgage as of the month prior to funding plus interest, and MIP due on the existing mortgage not to exceed 60 days worth, OR</li> <li>2. The original principal balance of the existing mortgage (including UFMIP) from Refinance Authorization</li> </ol> <p>~less any refund of the UFMIP from the Refinance Authorization</p>						
<p>**Maximum Base Loan Amount for <b>Investment Property</b>:</p> <p>The lessor of:</p> <ol style="list-style-type: none"> <li>1. The outstanding principal balance of the existing mortgage as of the month prior to funding, OR</li> <li>2. The original principal balance of the existing mortgage (including UFMIP) from Refinance Authorization</li> </ol> <p>~less any refund of the UFMIP from the Refinance Authorization</p>						
<p>***Mortgages must remain current through the month prior to disbursement.</p>						
General Eligibility						
Subject Mortgage Seasoning	<p>As of the date of the case number assignment; The borrower must have made at least 6 payments on the existing mortgage; at least 6 full months have passed since the first payment due on the existing mortgage; and at least 210 days must have passed from the closing date of the existing mortgage.</p> <p>In addition to the requirements above, the credit report, or a credit supplement must verify that 6 full payments have been made on the existing loan beginning with the first payment due date, and the first payment due date of the new loan occurs no earlier than 210 days after the first payment due date of the existing loan.</p>					
Net Tangible Benefit	Every streamline must have a NTB to the borrower. See Page 4 for benefit requirements.					
ARM	<b>Only available for primary residence transactions</b> , and must qualify at the note rate with 30 year term only. Investment properties only eligible for a fixed rate product.					
Loan Term	Maximum 30 years, or the remaining term on the existing mortgage plus 12 years. Odd loan terms available down to 240 months for fixed rate transactions only.					
Loan Limits	Streamline Refinances are not subject to FHA standard loan limits.					
Eligible Borrowers	U.S. Citizen, Permanent Residents, and Non-Permanent Residents with a valid EAD card.					
Ineligible Properties	<b>Manufactured</b> or mobile homes, CO-Ops, commercial or industrial properties, properties located in a designated Coastal Barrier Resource System (CBRS), properties located in Wrightwood, CA, or <b>properties located on Indian Reservations or Tribal Lands.</b>					
Subordinate Financing	<b>New subordinate financing not permitted</b> , existing subordinate financing may remain in place subject to applicable loan limits, and CLTV requirements. A copy of the subordination agreement, note, and deed for the secondary financing must be provided.					
Living Trusts	A copy of the trust agreement, or certificate of trust (if applicable) is required.					
Power of Attorney	Cannot be used on the initial 1003 or disclosures, and must have a signed LOE from the borrower regarding the use of a POA with exception for borrowers in active Military Service overseas.					

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Vesting	The new loan should close in the same manner as existing loan. Borrowers name on 1003, credit, and FHAC connection should match the refinance authorization, and existing note unless there was a documented legal name change.
Temporary Buydowns	<b>Not permitted.</b>
Adding a Borrower	Permitted without credit qualification, at least one original borrower must remain.
Deleting a Borrower	Must credit qualify unless deletion is due to divorce, legal separation or death. ~The divorce decree or legal separation agreement must award the property, and responsibility of the mortgage to the remaining borrower, AND ~The remaining borrower can demonstrate that they have made the mortgage payments for a minimum of six months prior to the case number assignment.
Employment	<b>Employment is verified for all borrowers within 10 days of the note, regardless of credit or non-credit qualifying.</b>
4506T	<b>4506T authorization form required on all transactions. Transcripts only required/processed for credit qualifying transactions.</b>
PACE	Properties encumbered by a Property Assessed Clean Energy (PACE) obligation are not eligible.
<b>Credit</b>	
<b>Non Credit Qualifying</b>	
Social Security #	Required for all borrowers; SSA-89 must be fully executed by borrower. JMAC to process.
Credit Report	Trimerge mortgage only credit report with credit scores is required. All mortgages on the subject property must be rated.
Judgments	<b>Must be paid in full prior to or at closing</b> , and funds used must be documented.
Liens	Federal Tax Liens may remain unpaid if the borrower documents an existing repayment plan with at least 3 months of payments made prior to the date of the Clear to Close. Payments cannot be prepaid to meet the 3 month requirement. Borrower must have a satisfactory repayment history. All other liens must be paid in full or subordinated.
Modifications	<u>Subject Property:</u> <b>Eligible with 0x30 in the last 12 months, and no previous reduction in principal.</b> Deferred principal and/or interest may NOT be included in the streamline loan amount. FHA/HUD Partial Claim seconds can be subordinated to a new streamline. <u>Other REO:</u> <b>Eligible with 0X30 in the last 12 months.</b>
Foreclosure/Short sale/Deed in Lieu	<b>Not permitted in the 12 months prior to the case number assignment. Exception to short sale seasoning may be permitted if there were no mortgage lates on any mortgage for 12 months prior to the short sale.</b>
Bankruptcy	No seasoning requirement for discharged or dismissed BK. Borrowers with an active Chapter 13 require court permission to enter into a new mortgage transaction, and have a satisfactory repayment history under the plan. <b>Borrowers with an active Chapter 7 are not eligible.</b>
Occupancy	Two different utility bills are required to support occupancy. Must be non-typical landlord paid items (i.e. electricity, cable, internet, landline phone, etc), and must be dated within 30 days of the application, and no older than 120 days at closing. Must be in the name of the borrower.
Income	1003 must NOT include income in section V or in the REO schedule of section VI. Income documentation cannot be provided in the loan file. <b>Any income stated or document will result in counter offer to a credit qualifying streamline, and subject to all applicable requirements.</b>

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Assets	Funds to close must be documented if the total requirements exceed the PITI(A) payment on the new loan. If assets are required to be documented at least one month bank statement, and a VOD or two months consecutive bank statements must be provided. All funds must be sourced/seasoned.
Gift Funds	Permitted; must be documented in accordance with standard FHA guidelines.
Reserves	Not required.
<b>Credit Qualifying</b>	
Social Security #	SSN must be fully validated on income documents. Discrepancies require processing of SSA-89. Non-borrowing spouse's SSN must be validated on the (NBS) credit report or other direct verification (SSA-89) in community property states.
Credit Report	Full trimerge credit report is required. Non-borrowing spouse credit report is also required in community property states.
Credit History	Credit scores 580-619: <b>0X30 on all mortgages for the most recent 24 months</b> , 0X30 on all installment, <b>and revolving debts</b> in the last 12 months with no more than 2X30 in the previous 24 months.
	Credit scores greater than or equal to 620: 0X30 on all mortgages, and installment debts for the most recent 12 months, and no more than 2X30 in the previous 24 months. 0X90, and no more than 2X60 on revolving debts in the last 24 months.
Collections	No collections opened in the last 24 months. Older collections with an active balance require capacity analysis: If the aggregate balance of all open collections exceed \$2000, they must be paid in full, or a 5% payment will be included in qualifying ratios.
Charge Offs	All charge offs must be seasoned at least 24 months.
Disputed Accounts	Disputed derogatory accounts require an LOE from the borrower, and documentation to support the basis of the dispute. Disputed derogatory accounts include all disputed collections, and charge offs (regardless of age), and disputed active accounts with late payments in the last 24 months.
Judgements	Must be paid in full prior to or at closing, and funds used must be documented. Borrower must provide an explanation for the judgment, with documentation to support the explanation.
Liens	Federal Tax Liens may remain unpaid if the borrower documents an existing repayment plan with at least 3 months of payments made prior to the date of the Clear to Close. Payments cannot be prepaid to meet the 3 month requirement. Borrower must have a satisfactory repayment history.  All other liens must be paid in full or subordinated.
Modifications	<u>Subject property</u> : <b>Eligible with 0x30 in the last 24 months, and no previous reduction in principal.</b> Deferred principal and/or interest may NOT be included in the streamline loan amount. FHA/HUD Partial Claim seconds can be subordinated to a new streamline. <b>Other REO</b> : Eligible, provided that the mortgage history meets requirements listed in "Credit History" section above.
Foreclosure/Short Sale/Deed in Lieu	3 years from the date of title transfer due to foreclosure, short sale, or deed in lieu.
Bankruptcy	Chapter 7 or Chapter 13: 2 years from the date of discharge.
Credit Counseling	At least 1 year of the pay out period has elapsed under the plan; all payments must have been made on time, and must obtain written permission from the counseling agency to enter into a mortgage transaction.
Non-Traditional	<b>Non-traditional credit is not permitted. Borrowers must have at least 1 valid credit score.</b>
Occupancy	Employment documentation must support prior, and continued occupancy of the subject property. If employment documentation does not clearly support occupancy, two different utility bills may be required. <i>(Refer to non-credit qualifying section for more details on bill req.).</i>

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Income	Full income documentation is required. Salaried borrowers require 30 days worth of paystubs (or 28 consecutive days if paid weekly, or biweekly) showing YTD earnings, W2s for the most recent 2 years, and a verbal verification of employment. Verbal re-verification also required within 10 days of the note. Self Employed, commissioned, borrower's with rental income require 2 most recent years federal tax returns.		
DTI	Maximum DTI is 31/43% unless significant compensating factors exist. Refer to Page 4 for list of acceptable compensating factors.		
Assets	Funds to close must be documented regardless of the amount required to close. Two months bank statements are required, and all funds must be sourced/seasoned.		
Gift Funds	Permitted; must be documented in accordance with standard FHA guidelines. Cannot be used for reserves.		
Reserves	1 month PITI(A) reserves required for 1-2 units, and 3 months PITI(A) reserves required for 3-4 units.		
<b>All Seasoning requirements are measured to the case number assignment of the new loan (non-credit, and credit qualifying)</b>			
<b>State Specific</b>			
Texas	If prelim indicates any prior Texas 50(a)(6) refinances, property is ineligible for refinance. Cash out not permitted in Texas, borrower may not receive ANY funds back at closing (not even \$0.01). Any existing secondary financing must be subordinated with a recorded subordination agreement (automatic subordination not permitted).		
<b>Net Tangible Benefit</b>			
	<b>To</b>		
<b>From</b>	Fixed Rate	One-year ARM*	Hybrid Arm
Fixed Rate	The new combined rate must be at least 0.5% <b>below</b> the prior combined rate	The new combined rate must be at least 2% <b>below</b> the prior combined rate	The new combined rate must be at least 2% <b>below</b> the prior combined rate
Any ARM with less than 15 months to next payment change date	The new combined rate must be no more than 2% <b>above</b> the prior combined rate	The new combined rate must be at least 1% <b>below</b> the prior combined rate	The new combined rate must be at least 1% <b>below</b> the prior combined rate
Any ARM with greater than or equal to 15 months to next payment change date	The new combined rate must be no more than 2% <b>above</b> the prior combined rate	The new combined rate must be at least 2% <b>below</b> the prior combined rate	The new combined rate must be at least 1% <b>below</b> the prior combined rate

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FHA Acceptable Compensating Factors	
Maximum Qualifying Ratios (%)	Required Compensating Factors
31/43	No Compensating factors are required
37/47	<p>At least <b>ONE</b> compensating factor from the following list:</p> <ul style="list-style-type: none"> <li>~ Verified, and documented cash reserves of at least 3 months for 1-2 units, or at least 6 months for 3-4 units</li> <li>~ Minimal increase in housing payment: the new total PITI cannot exceed the current total housing payment by more than \$100 or 5% whichever is less</li> <li>~ Residual income in excess of the standard requirement utilized by the VA</li> </ul>
40/50	<p>At least <b>TWO</b> compensating factors from the following list:</p> <ul style="list-style-type: none"> <li>~ Verified, and documented cash reserves of at least 3 months for 1-2 units, or at least 6 months for 3-4 units</li> <li>~ Minimal increase in housing payment: the new total PITI cannot exceed the current total housing payment by more than \$100 or 5% whichever is less</li> <li>~ Significant additional income not used in qualifying such as overtime, bonus, part-time, or seasonal income that has been received for at least one year, and is likely to continue; and the income, if had been included in qualifying would reduce the ratios to not more than 37/47%*</li> <li>~ Residual income in excess of the standard requirement utilized by the VA</li> </ul>