

Cornerstone Home Lending Correspondent Lending Division

FHA Refinance Matrix

Topic	CREDIT Qualifying Streamline WITH Appraisal	CREDIT Qualifying Streamline WITHOUT Appraisal NON CREDIT Qualifying WITH Appraisal	Rate/Term Refinance	Cash-Out Refinance
<u>Assets</u>	<ul style="list-style-type: none"> All assets required at closing must be verified with standard FHA manual underwriting documentation requirements. 3 months reserves required on 3-4 Unit properties. 			
<u>Eligibility</u>	<p>If an appraisal is ordered but proceeding as a streamline without an appraisal, the appraisal may be voided. (If this is done, case type in FHA connection must be changed to reflect streamline without an appraisal.)</p>	<p>This is the only type of refinance that may be used for:</p> <ul style="list-style-type: none"> Private investors, secondary residences. <i>However, CMC is not purchasing non owner occupied refinances at this time.</i> Condo project no longer approved and/or does not meet current requirements. Credit Qualifying Streamlines do not require an appraisal. Non Credit Qualifying Streamlines require an appraisal. 	<p>This is the only type of refinance used when refinancing a Build on your own Land Transaction:</p>	<p>Non-Occupant Co-borrowers/Co-Signers cannot be added to the transaction.</p>
	<p>Individuals <u>may</u> be added or removed from title or the original note.</p>	<p>Individuals may be added to title. May delete individuals from title ONLY under the following circumstances: The transferability restriction (due on sale clause) was NOT triggered, such as in a property transfer resulting from a divorce decree or by devise or descent (death); AND The assumption or quit-claim interest occurred more than 6 months previously; AND The remaining owner-occupant can demonstrate that he/she has made the mortgage payments for a minimum of 6 months.</p>	<ul style="list-style-type: none"> Non FHA-FHA <ul style="list-style-type: none"> < 1 year will require all new construction documents. If removing all original obligors, a min. of 12 months of both occupancy and in title by the new borrower(s) is required 	

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<u>DTI</u>	<ul style="list-style-type: none"> The more restrictive of either the AUS findings or 50%. 			
<u>Income/Employment</u>	Full documentation required.	Only on <u>non-credit qualifying streamline</u> does FHA not require Income /Employment certification.	Full documentation required.	
<u>Maximum Mortgage Amount</u>	<ul style="list-style-type: none"> Non Owner Occupied and Condos not on FHA approved list may NOT include any interest. Maximum loan amount is capped at principal balance less any UFMIP refund plus new UFMIP. Closing costs, prepaids and discount points cannot be included in the maximum mortgage. 	<p align="center"><u>With Appraisal</u></p> <p>Maximum Mortgage Amount is the lesser of: <u>97.75%</u> of the appraised value plus new UFMIP, OR</p> <p>The Payoff of the FHA Insured loan minus UFMIP refund, plus allowable closing costs and prepaids.</p>	<p>Maximum Mortgage Amount is the lesser of:</p> <ul style="list-style-type: none"> <u>97.75%</u> of appraised value plus new UFMIP; OR <u>97.75%</u> of original sales price if not already FHA insured <u>and</u> acquired within the last 12 months. 	<p>Maximum Mortgage Amount is the lesser of:</p> <ul style="list-style-type: none"> <u>85%</u> of appraised value plus new UFMIP; OR <u>85%</u> of original sales price if not already FHA insured <u>and</u> acquired within the last 12 months.
	<ul style="list-style-type: none"> The outstanding principal balance may include up to 60 days of interest (Must be current for the prior month due). May not include any other fees noted on the payoff statement including, but not limited to, monthly mip, delinquent interest, late charges, prepayment penalties, fax fees, escrow shortages, etc. Discount points cannot be included in the maximum mortgage including Credit Qualifying WITH an appraisal. 		Amount of existing lien, CC, PP, discount, prepayment penalties, late charges, escrow shortages, up to 60 days interest, up to 1 month MIP, repairs required by the appraiser as well as property related liens for acquisition repair or rehab seasoned at least 1 yr.	
	Max. LTV is 85% when borrower(s) who have re-occupied their investment property as a primary < 12 mos. prior to loan application.			N/A (Max LTV is already 85% ltv)
<u>Maximum LTV/CLTV</u>	<u>125%</u> of the new appraised value.	<u>125%</u> of the original appraised value.*	<u>97.75%</u> of the new appraised value.	<u>85%</u> of the new appraised value.
	*Effective with all loan applications dated 7-28-12, maximum loan amount is calculated the same regardless WITH or WITHOUT an appraisal. A credit qualifying WITH appraisal may be used when it is a benefit to the borrower to calculate CLTV off new appraised value to stay within 125% maximum.			
<ul style="list-style-type: none"> If there is an existing HELOC subordinate lien on the property, the entire lien must be subordinated at refinance. Use the maximum accessible credit limit on the existing HELOC for the calculation of the CLTV. FHA LTV and CLTV limits are calculated using base loan amount and do not include UFMIP. 				

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Miscellaneous	FHA Connection			
	<ul style="list-style-type: none"> • Access “Refinance Query” to determine estimated UFMIP refund, when applicable. • Must order refinance authorization when case assignment obtained. • MIP refund credited on the HUD1 at closing is limited to the UFMIP being charged on the new loan. Any additional refund due the borrower is refunded directly thru HUD post close. 			N/A
	<u>Type of refinance</u> - Select Prior FHA <u>Select Streamline Refinance type</u> - Select Appraisal required.	<u>Type of refinance</u> - Select Prior FHA <u>Select Streamline Refinance type</u> - Select w/o appraisal for credit qualifying. Select w/ appraisal for non credit qualifying.	<u>Type of refinance</u> - Select Conventional or Prior FHA, as applicable. Select Non Streamline	<u>Type of refinance</u> - Select Conventional or Prior FHA, as applicable. <u>Is this a Cash Out?</u> - Select Yes
	Fully completed URLA required	FHA will accept an abbreviated version of the URLA only on non credit qualifying refinance.	Fully completed URLA required	
	Reference: <ul style="list-style-type: none"> • Mortgagee Letter 2011-39, 2011-29 , 2010-24 & 2011-11 			Reference: ML- 2011-39, 2011-29, 2011-22, 2010-11 , 2009-48 and 2009-08
	Cash back at closing limited to \$500 (No cash back in Texas)			
Net Tangible Benefit	A Net Tangible Benefit to the borrower is required on all Streamline Refinance transactions. Example in Forms section of correspondent website. Net tangible benefit is defined as: <ul style="list-style-type: none"> • 5% reduction in total (P&I) plus MIP, or • Refinancing from an Adjustable Rate Mortgage (ARM) to a fixed mortgage in accordance with the conditions in the “net tangible benefit” matrix. • A reduction in term is not permitted <u>UNLESS</u> one of the above benefits are met. Otherwise, process as full Rate/Term. 		New Loan should reflect some benefit to Borrower.	Should make sense and not put borrower in a negative position.

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<u>Credit Score and Payment History</u>	Minimum credit score 640 At the time of application, the borrower must exhibit an acceptable payment history as follows: <ul style="list-style-type: none"> • 1x30 in the most recent 12 payments made AND 0x30 in the most recent 3 payments made, OR; • if the mortgage is seasoned for less than 12 payments made, 0x30 in the life of the loan 		Minimum credit score 640 At underwriter discretion subject to investor overlays.	Minimum credit score 640 Borrower must have made all payments on the mortgage being refinanced within the month due for the previous 12 months or life of loan, but never < 6 months .
	<ul style="list-style-type: none"> • Mortgagors must be current on the mortgage being refinanced for the month due PRIOR to the month in which they close the refinance and for the month in which they close. • Tri-Merged credit report must be pulled to verify mortgage history. 			
<u>Seasoning</u>	Loans must be seasoned at least : <ul style="list-style-type: none"> • Borrower must have made at least 6 mortgage payments; and • 6 full months have passed since first payment due date; and • At least 210 days have passed from the closing date of the current mortgage being refinanced. 		<ul style="list-style-type: none"> • Min.12 months on all junior liens to be included in new loan amount. • If junior lien HELOC- 12 months min. from last advance/draw of \geq\$1000) • HELOC liens in Texas are not eligible for inclusion in new loan amount. 	<ul style="list-style-type: none"> • Minimum of 6 months payment history is required. • Properties owned free and clear or acquired thru inheritance are eligible and would not require prior 6 mo. occupancy unless the property was rented for any period of time. • HELOC liens in Texas are not eligible.
<u>Term</u>	Lesser of 30 years or the un-expired term of the existing mortgage plus 12 years.		Up to 30 years unless exceeding current statutory limits. See ML 2011-29.	Up to 30 years unless exceeding current statutory limits. See ML 2011-29
<u>TOTAL Scorecard Submission</u>	Should not be run thru Scorecard and used for loan decision. Must be manually underwritten.	If credit qualifying should not run thru Scorecard and used for loan decision. Must be manually underwritten.	Must be submitted to TOTAL ScoreCard and can be relied upon for loan decision or manually underwritten.	