

Streamline Refinance WITHOUT an Appraisal Worksheet

The maximum insurable mortgage cannot exceed:

- The outstanding principal balance¹ minus the applicable refund of the UFMIP, PLUS
- The new UFMIP that will be charged on the refinance.

STEP 1: Base Mortgage Amount

Outstanding Principal Balance¹ = _____
 Minus MIP refund (or new UFMIP, if refund is greater)..... - _____
 Base mortgage amount = _____

STEP 2: Add MIP

Base Mortgage Amount..... = _____
 Multiplied by the UFMIP Factor..... x _____
 UFMIP = _____

STEP 3: Add UFMIP and Base Mortgage Amount to get the Loan Amount with MIP

New Base Mortgage Amount..... = _____
 New UFMIP + _____
 New Mortgage Amount with MIP = _____

On any refinance where the MIP refund exceeds the Upfront MIP required on the new loan, the overage will be refunded directly to the borrower from HUD so that the borrower will not be burdened with additional out-of-pocket expenses.

If the MIP credit exceeds the new MIP then the new MIP will become the refund amount. The refund amount due the borrower will be refunded by HUD directly to the borrower.

For example: UFMIP credit is \$2,785.23 (at previous 2.25%) which is greater than the new UFMIP of 1%. To calculate the new mortgage amount take the Outstanding Principal Balance¹ \$126,540/1.0100 (1%) = \$125,287.13 X New UFMIP of 1.00% = \$1,252.87.

\$125,287.13 + \$1,252.87 = \$126,540.00. Note that we are just refinancing the existing balance.

CASH BACK CAN NOT EXCEED \$500 AND THE NEW BASE LOAN AMOUNT CAN NOT EXCEED THE STATUTORY LOAN LIMIT FOR THE COUNTY.

The mortgage being refinanced must be current for the month due, e.g., a refinance of a mortgage anytime in November must have had the October payment made. **The Appraised Value from the Refinance Netting Authorization must be used for LTV calculation for TIL purposes to determine remaining months on monthly MIP term.**

Net Tangible Benefit

When refinancing from • a Fixed Rate to Fixed Rate • Fixed Rate to Hybrid ARM • 1-Year ARM to 1-Year ARM • Hybrid ARM during fixed period to Fixed Rate • Hybrid ARM during fixed period to Hybrid ARM • Hybrid ARM during adjustable period to 1-Year ARM: The new P&I payment plus the annual MIP must be 5% lower than the P&I + MI payment for the mortgage being refinanced.

$$\frac{\text{Current P\&I + MI Payment}}{\text{New P\&I + MI Payment}} \text{ less } = \text{Reduction (must be } \geq 5\%)$$

When refinancing from • a 1-Year ARM to a Fixed Rate • a Hybrid ARM during adjustable period to a Fixed Rate: The interest rate on the new Fixed Rate Mortgage must not be greater than 2 percentage points (2%) above the current interest rate of the ARM.

$$\frac{\text{Current Interest Rate (1-year or Hybrid ARM)}}{\text{New Interest Rate}} \text{ Increase in new rate (not } > 2\%)$$

When refinancing from • a Fixed Rate to a 1-Year ARM • 1-Year ARM to a Hybrid ARM • Hybrid ARM during fixed period to a 1-Year ARM • Hybrid ARM during adjustable period to Hybrid ARM: The new interest rate must decrease by at least 2 percentage points (2%) below the current interest rate of the existing mortgage.

$$\frac{\text{Current Interest Rate}}{\text{New Interest Rate}} \text{ Reduction (must be } \geq 2\%)$$

NOTE: A reduction in term, in and of itself, is not a sufficient Net Tangible Benefit for a Streamline Refinance. However, the loan may still be underwritten and closed as a FHA to FHA rate/term (no cash-out) refinance transaction.

¹ The Outstanding principal balance may include interest charged by the servicing lender when the payoff is not received on the first day of the month and the prorated monthly mortgage insurance premium **but may not include delinquent interest, fax fees, late charges or escrow shortages. In addition any current escrow balance deducted from the payoff (not shortage) must be deducted when calculating the mortgage amount.**