

# Streamline Refinance WITH an Appraisal Worksheet (rate/term refi)

The maximum mortgage is the **lower** of:

- Outstanding principal balance<sup>1</sup> minus the applicable refund of UFMIP, plus closing costs and prepaid items to establish the escrow account (A); **OR**
- 97.75% of the appraised value of the property (B).

## **STEP 1 OUTSTANDING PRINCIPAL BALANCE + CLOSING COST/PREPAIDS**

Outstanding Principal Balance<sup>1</sup>: ..... = \_\_\_\_\_  
 Minus MIP refund (or New UFMIP if refund is greater)..... - \_\_\_\_\_  
 Plus Closing costs<sup>2</sup> & prepaids .....+ \_\_\_\_\_  
 Base mortgage amount ..... = \_\_\_\_\_ (A)

## **STEP 2 MAXIMUM LTV**

Appraised value: ..... = \_\_\_\_\_  
 Multiplied by the appropriate LTV ..... X **97.75%**  
 Maximum allowable base loan amount based on LTV ..... = \_\_\_\_\_ (B)

## **STEP 3 ADD MIP**

Lesser of A or B Base Mortgage Amount..... = \_\_\_\_\_  
 Multiplied by the UP FRONT MIP Factor..... X 2.25% or 1.00%  
 UP FRONT MIP ..... = \_\_\_\_\_

## **STEP 4 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 Balance<sup>1</sup> \$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.

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## **Net Tangible Benefit**

**Reduction in total mortgage payment:** The new total mortgage payment is 5% lower than the total mortgage payment for the mortgage being refinanced. Total mortgage payment includes principal, interest, taxes and insurances, homeowners' association fees, special assessments and all subordinate liens. (This requirement is applicable when refinancing from a Fixed Rate to Fixed Rate, ARM to ARM, 203K to 203B)

\_\_\_\_\_ **less** \_\_\_\_\_ = \_\_\_\_\_  
 Current Total Mortgage Payment      New Total Mortgage Payment      Reduction (must be ≥ 5%)

**One Year (1-Year) Adjustable Rate Mortgage (ARM) to a Fixed Rate Mortgage:** The interest rate on the new fixed rate mortgage will be no greater than 2 percentage points (2%) above the current rate of the one-year ARM. Also applies to Fixed to a One Year (1-Year) ARM.

\_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_  
 Current Interest Rate (1 year ARM)      New Interest Rate      change in new rate (not >2%)

**HYBRID Adjustable Rate Mortgages (ARM) to a Fixed Rate Mortgage:** For hybrid ARMs (3/1, 5/1, etc.), the total mortgage payment on the new fixed rate mortgage may not increase by more than 20 percent (20%).

\_\_\_\_\_ X **20%** = \_\_\_\_\_  
 Current Total Payment (Hybrid ARM)      total new payment is not to exceed this number

\_\_\_\_\_  
 New Total Mortgage Payment

Note: **Reduction in Term:** For transactions that include a reduction in the mortgage term or are a fixed rate to a Hybrid ARM (3/1, 5/1 ARM, etc.), that loan must be underwritten and closed as a FHA to FHA rate & term (no cash-out) refinance transaction. If the above benefit to borrower is not met the loan cannot be streamline refinanced.

<sup>1</sup> 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.**

<sup>2</sup> Discount points **may not** be included in the new mortgage. If the borrower has agreed to pay discount points, the assets to pay the discount points must be verified along with any other financing costs that are not included in the new mortgage amount.