



Principal Curtailments

A principal curtailment due to an excess premium from the Lender Credit is acceptable for **all loan types**. However, a principal curtailment to correct the amount of cash back to the borrower is only permitted on Conventional and USDA loans. Please see matrix below for maximum cash out requirements and allowable curtailments.

Product	Max Cash to Borrower	Maximum Principal Curtailment (due to changes in payoff figures, closing costs, etc)	Maximum Premium Pricing Curtailment
Conventional		\$500	1% of the loan amount or \$2,000, whichever is less
FNMA DU Refi Plus	\$250		
Limited Cash Out Refi	2% or \$2000		
USDA		Prohibited	
Rate/Term Refi	\$0		
FHA			
Streamline Refi	\$500*		
Rate/Term Refi	\$500*		
VA			
Cash Out Refi	No Limit		
IRRRL	\$500*		

*Loan amounts must be properly calculated for the specified loan programs. If the loan amount is outside of the guidelines, the loan amount must be corrected.

Closing costs paid out of the borrower's own funds may be reimbursed at closing and are not considered cash out

When a principal curtailment is permitted, all excess amounts must be clearly reflected on the Closing Disclosure as a principal reduction