



## FHA Streamline Refinance Product Profile

Overlays to FHA are Underlined.

| Maximum LTV/FICO Requirements  |             |              |
|--|-------------|--------------|
| Occupancy  | Maximum LTV | Minimum FICO |
| Owner Occupied   | 105%        | <u>600</u>   |
| Second Home  |             |              |
| Investment Property  |             |              |
| Ability to Repay and Qualified Mortgage Rule   |             |              |
| <ul style="list-style-type: none"> <li>For loans subject to the ATR/QM rule, Windsor Mortgage will only purchase loans that comply with ATR/QM requirements.</li> <li>Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</li> <li>Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.</li> <li>See Seller Guide section “Ability to Repay and Qualified Mortgage Rule” under “Delivery Procedures” for more details.</li> </ul> |             |              |
| Appraisal/AVM  |             |              |
| Not required.  |             |              |
| Assignment of Mortgages  |             |              |
| <p><u>All loans must be registered with MERS at time of delivery to Windsor Mortgage and a MERS transfer of beneficial rights and transfer of servicing right must be initiated by the Seller, to Plains Commerce Bank (#1005210), within 24-hours of purchase.</u></p>  |             |              |
| Borrowers  |             |              |

- U.S. citizens
- Permanent resident aliens, with proof of lawful permanent residence
- Nonpermanent resident alien immigrants with proof of lawful residence
- All borrowers must have a valid social security number
- There can be no more than 4 natural persons per loan application
- A Borrower on the subject mortgage may be removed from title and new mortgage in cases of divorce, legal separation, or death when:
  - The divorce decree or legal separation agreement awarded the Property and responsibility for payment
  - The remaining Borrower can demonstrate that they have made the mortgage Payments for a minimum of six months prior to case number assignment. In cases of divorce when:
    - At least one borrower from the existing mortgage remains as a borrower on the new mortgage
    - Mortgage is credit qualified and meets manual FHA requirements, with the exception of LTV and appraisal requirements
- Borrower(s) can be added as long as the existing borrowers remain on the note and deed. Credit qualifying is not required to add a borrower.
- Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However, due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by Windsor. Transactions with HAPs paid directly to the borrower continue to remain eligible for purchase.

## Condominiums

Condominiums allowed in accordance with FHA Streamline Refinance guidelines.

## Credit

- At least one borrower must have a minimum of one credit score to be eligible.
- To be refinanced FHA loan mortgage history:
  - The borrower must have made all mortgage payments within the month due for the six months prior to case number assignment
  - The borrower may not have more than 1x30 for months 7-12 prior to case number assignment
  - The Borrower must have the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement.

## Disaster Policy

- Windsor Mortgage may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Windsor disaster policy located in the Seller's Guide for full details.
- Disaster inspections may not be completed by the Lender. Acceptable inspection providers

## Documentation

- A soft inquiry (soft pull) on a single bureau credit report, must include the credit score(s) and any public records
- Tax Transcripts and the 4506-C are not required under the FHA Streamline Refinance no credit qualifying option.

## Eligible Mortgage Products

- FHA to FHA refinance
- Fixed Rate: 10, 15-, 20-, 25-, & 30-year terms (FHA High Balance allowed on all terms)
- CMT ARM: 5/1 (1/1/5 caps) and 7/1 (2/2/6 caps) (FHA High Balance ARMs are allowed) Investment properties
- The maximum term is lesser of: 30 years, or 12 years beyond the remaining term of the existing loan.
- Temporary buydowns are ineligible.

## Employment Verification

- The following Income and Employment documentation are required at a minimum:
  - Salaried borrowers require a Verbal VOE
  - Self-employed borrowers require verification of the business through a third-party source

## Escrow Impounds

Escrow Impounds Accounts must be established for taxes and insurance premiums in accordance with FHA Guidelines

## Exclusionary Lists

- HUD's CAIVRS does not need to be checked
- The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all loans, if any party to the transaction, including the borrower(s), is reflected on these lists, the loan is not eligible.

## High Cost / High Priced

- Windsor Mortgage Solutions will not purchase High-Cost Loans
- Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require:
  - Establishment of an escrow account for taxes and insurance premiums on any transactions secured by principal residence.
  - Must meet all applicable state and/or federal compliance requirements.

## Loan Limits

- Minimum Loan amount \$50,000
- FHA Streamline Refinances are exempt from FHA loan limits.

## Loan Purpose

- Credit Qualifying is allowed at the discretion of the DE. All existing FHA overlays are still in effect, including but not limited to credit history, credit score, and tax transcripts for income validation.
- Disbursed cash out to the Borrower cannot exceed \$500

## Maximum Loan Amount

- For owner-occupied Principal Residences and HUD-approved Secondary Residences (see definition in Occupancy Section below), the maximum Base Loan Amount for Streamline Refinances is:
  - The lesser of:
  - The outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus
- Interest due on the existing mortgage and MIP due on existing Mortgage; or
  - The original principal balance of the existing mortgage (including financed UFMIP)
  - Less any refund of UFMIP (if financed in original mortgage).
- For Investment Properties, the maximum Base Loan Amount for Streamline Refinances is:
  - The lesser of:
    - The outstanding principal balance of the existing mortgage as of the month prior to mortgage Disbursement
    - The original principal balance of the existing mortgage (including financed UFMIP)
  - Less any refund of UFMIP (if financed in original mortgage).

## Net Tangible Benefit

Refinancing to:

| Original Loan: | Fixed Rate  | Hybrid ARM   |
|----------------|---|--|
| Fixed Rate     | At least 0.5 percentage points below the prior Combined Rate*   | At least 2 percentage points below the prior Combined Rate |
| ARM            | No more than 2 percentage points above the prior Combined Rate* | At least percentage point below the prior Combined Rate    |

New Combined Rate Requirements ^

**In addition to above, Net Tangible Benefit may be met when the below conditions are met:**

- Term is reduced
- New Interest Rate does not exceed the current rate
- Non del only: Remaining unpaid mortgage term is reduced by a minimum of 1 year
- Combined PI+MIP of the refinanced mortgage by more than \$50

## Occupancy

- Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan.
- Owner occupied
  - Occupancy must be documented per FHA requirements.
- Secondary Residences
  - Secondary Residence refers to a dwelling that a Borrower occupies in addition to their principal Residence, but less than a majority of the calendar year. A Secondary Residence does not include a Vacation Home.
  - Secondary Residences are only permitted with written approval from the Jurisdictional HOC. See 4000.1
- Non-Owner Occupied

## Property: Eligible Types

- Single Family Residence
- PUDs
- 2-4 Unit
- Low-rise and High-rise Condominiums

## Property: Ineligible Types

In addition to the ineligible property types identified in FHA Handbook, the following property types are ineligible:

- Mobile Homes
- Working Farms and Ranches
- Cooperatives
- Unimproved Land and property currently in litigation
- Condotels
- Hotel Condominiums
- Geodesic Domes
- Timeshares
- Manufactured homes. This includes on-frame modular homes built on a permanent chassis.
- Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)

## Qualifying

- For Credit Qualifying:
  - Fixed rates qualify at the Note rate
  - 5/1 and 7/1 ARMs qualify at the Note rate

## Ratios

DTI ratios are not calculated, unless the transaction is credit qualified.

## Reserves/Funds to Close

- Reserves are not required
- Funds to close in excess of the total mortgage payment of the new mortgage must be documented in accordance with 4000.1 guidelines

## Seasoned Loans

Please refer to the Windsor Seasoned Loan Policy located in the Windsor Seller Guide for requirements and loan-level price adjustments.

## (FHA) Seasoning Requirements

One the date of the FHA case number assignment:

- The Borrower must have made at least six payments on the Mortgage that is being refinanced
- At least six full months must have passed since the first payment due date of the Mortgage that is being refinanced
- At least 210 Days must have passed from the closing date of the Mortgage that is being refinanced
- If the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of the assumption.

*Note: FHA Streamlines must also meet Ginnie Mae seasoning, see APM 17-06. By meeting FHA seasoning requirements as of the case number assignment date, Ginnie Mae seasoning requirements are also met.*

## State Restrictions

- Texas 50 (a)(6) refinance mortgages are not eligible

## Underwriting Method

- There must be a net tangible benefit to the borrower that meets the requirements of the Net Tangible Benefit, see section above or FHA handbook section 4000.1 II.A.8.d.vi (C)(4)(c)
- Manual UW only

Seller shall deliver loans that were originated in accordance with the Federal Housing Administration Handbook, unless otherwise noted in the Windsor Seller's Guide.

Windsor Mortgage does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.

**DOCUMENT HISTORY**

| Revision Date | Action   | Revision requested by:   | Sent to MMS/WMS |
|---------------|--|--|-----------------|
| 09.17.24      | <u>Removed the following From the Employment Verification Section: <del>Non-Delegated only: Rental Income requires the first page and Sch. E of the most recent tax return or a current lease agreement.</del></u> | TJ Miller  | 09.17.24        |
| 11.12.24      | Revised documentation section to remove verbiage regarding tri-merge credit reports and replaced it with information regarding Soft Pull Inquiries   | TJ Miller  | 11.13.24        |
| 11.15.24      | Revised credit score to 600<br>Revised Documentation section to change transcript type from 4506T to 4506C   | Kevin Nelson<br>Sent for approval of changes to Kevin Nelson and TJ Miller on 11.15.24 | 11.15.24        |
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