

Refinance Transaction

Property Type	Occupancy ¹	Minimum Credit Score ³	Maximum LTV/CLTV ²
1-4 Units	Principal Residence	620	N/A
1 Units	Second Home (HUD Approved)	620	
1-4 Units	Investment Property	620	

Footnotes	
¹ Occupancy	<ul style="list-style-type: none"> • Second Home must be HUD approved; Second Home and investment property are only eligible for non-credit qualifying streamline with fixed rate
² Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinated financing must be re-subordinated • New subordinate financing permitted only when the proceeds are used to: <ul style="list-style-type: none"> o Reduce the principal amount of the existing mortgage or o Finance the origination fees, discount points or other associated costs

Mortgage Insurance Premiums

Upfront Mortgage Insurance Premium (UFMIP)

- The UFMIP is 1.75% of the base loan amount for all refinance of loans endorsed by FHA after May 31,2009
- The UFMIP must be 100% financed into the mortgage or paid entirely by cash; partial financing is not allowed
- The LTV is calculated using the base loan amount prior to financing UFMIP and the value stated on the Refinance Authorization

Annual Mortgage Insurance Premium (MIP) for loans Endorsed after 5/31/2009

> 15-Year Term Base Loan Amount ≤ \$625,500			≤ 15-Year term Base Loan Amount ≤ \$625,500		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤ 90.00%	0.80	11 Years	≤ 90.00%	0.45	11 Years
> 90.00% ≤ 95.00%	0.80	Mortgage Term	> 90.00%	0.70	Mortgage Term
> 95.00%	0.85	Mortgage Term			
> 15-Year term Base Loan Amount > \$625,500			≤ 15-Year term Base Loan Amount > \$625,500		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤ 90.00%	1.00	11 Years	≤ 78.00%	0.45	11 Years
> 90.00% ≤ 95.00%	1.00	Mortgage Term	> 78.00% ≤ 90.00%	0.70	11 Years
> 95.00%	1.05	Mortgage Term	> 90.00%	0.95	Mortgage Term

Temporary Guidance Due to COVID-19	
Applies to Credit Qualifying Streamlines	
<ul style="list-style-type: none"> • Self-Employment Verification for loans with case numbers assigned on or after August 12, 2020 through September 30, 2021: <ul style="list-style-type: none"> ○ Evidence of current work (signed contracts/invoices to show the business is operating on the day of the verification) ○ Current business receipts within 10 days of the Note (payment for services performed) ○ Business website demonstrating activity to support current operations (timely appointments for estimates/services can be scheduled) ○ Lender certification the business is open and operating (confirmed through phone call or other means) • Rental Income for loans with case numbers assigned on or after August 12, 2020 through September 30, 2021: <ul style="list-style-type: none"> ○ Reduction of the effective rental income by 25%, or ○ Verify 6 months PITI reserves, or ○ Obtain previous 2 months bank statements to evidence the rental payments were received (applies if there is a history of rental income for the property) 	

FHA Lending Resource	<ul style="list-style-type: none"> • All loans must be underwritten to the standards contained within this matrix • Refer to Overlay Matrix for additional restrictions • If guidance is not provided on this matrix refer to the FHA Handbook 4000.1. 	
Geographic Restrictions	<ul style="list-style-type: none"> • Hawaii: Properties in Lava Zones 1 and 2 not permitted (verify the appraisal to confirm if property may be in a lava zone) • Texas: Texas50(a)(6) not permitted 	
Minimum Loan Amount	<ul style="list-style-type: none"> • \$60,000 	
Debt-To-Income (DTI)	<ul style="list-style-type: none"> • Not applicable on non-credit qualifying; • Credit qualifying streamline follow Credit Qualifying Streamline and Ratios and Compensating Factors for Manual Underwriting requirements; Including non-borrowing spouse debt in community property states 	
AUS Requirements	<ul style="list-style-type: none"> • Manual underwriting is required; use of AUS is not allowed 	
Documentation	<ul style="list-style-type: none"> • All borrowers must have a valid Social Security number • All borrowers must meet the credit score requirement • A fully executed IRS Form 4506-C is required for each borrower on the loan. Refer to IRS Form 4506-C and Tax Transcripts 	
Qualifying Rate	<ul style="list-style-type: none"> • Fixed & ARM: Qualify at the Note Rate 	
Appraisal	<ul style="list-style-type: none"> • No appraisal required • Receipt or possession of an appraisal does not affect the eligibility or maximum loan amount 	
Income/Employment	<ul style="list-style-type: none"> • Non-credit qualifying streamline does not require income documentation; No income required to be entered on 1003 • Credit qualifying streamline requires standard income documentation 	
Asset Documentation	<ul style="list-style-type: none"> • Non-credit qualifying verify funds to close in excess of the total mortgage payment • For any required assets refer to loanDepot FHA Lending Guide Assets 	
Reserves	<ul style="list-style-type: none"> • Non-credit qualifying reserves not required • Credit qualifying streamline: <ul style="list-style-type: none"> ○ Requires a minimum 1-month reserves; ○ 3-4 unit property require a minimum 3 months reserves 	
Borrower Eligibility	<ul style="list-style-type: none"> • Copy of the current note required to document current borrowers • Non-credit qualifying streamline: <ul style="list-style-type: none"> ○ All borrowers on the current loan must remain on the new loan except in cases of divorce, legal separation or death if: <ul style="list-style-type: none"> • The divorce decree or legal separation agreement awarded the property and mortgage to the remaining borrower and • The borrower can document they have made all mortgage payments for a minimum of 6 months prior to the case assignment from his/her own funds • Credit qualifying streamline requires at least one borrower on the current loan remain on the new loans • All borrowers must have a valid Social Security number 	
Property Types	Eligible	Ineligible
	<ul style="list-style-type: none"> • SFR/PUD (detached/attached) • Condo (low/high rise)¹ • Modular home • 2-unit properties • 3-4-unit properties² 	<ul style="list-style-type: none"> • Co-op Properties • Agricultural w/Income producing properties • Manufactured homes • Native American Housing Section 184
	¹ Current project approval is not required for Streamline with no appraisal ² Refer to the FHA Handbook 4000.1 for 3-4-unit property reserves and self-sufficiency rental income eligibility for credit qualifying only	
Credit	Subject Mortgage	
	<ul style="list-style-type: none"> • All payments for all mortgages on the subject property to have been made in the month due for the six months prior to the case assignment and have no more than one 30-day late payment for the prior six months on all mortgages secured by the subject • All payments on all mortgages must be made in the month due prior to mortgage disbursement 	

	Non-Subject Mortgage Credit											
	<ul style="list-style-type: none"> • Credit Alert Interactive Voice Response System (CAIVRS) is required (overlay) • HUD Limited Denial of Participation (LDP) clearance required • Excluded Parties List System - System for Award Management (SAM) clearance required • Non-credit qualifying streamline does not require review of consumer credit • Credit qualifying streamline follow Manual Underwriting of Borrower requirements • Judgments on title must be paid/released 											
FHA Seasoning Requirements	<p>FHA seasoning requirements are based on the date of the FHA case assignment:</p> <ul style="list-style-type: none"> • The borrower must have made at least six payments on the current loan • At least six full months have passed since the first payment due date, and • At least 210 days have passed since the closing date of the current loan • If the borrower assumed the FHA mortgage, they have made a minimum of six payments since the date of the assumption 											
Occupancy Documentation	<ul style="list-style-type: none"> • Occupancy must be documented by obtaining current employment documentation or utility bills to support the borrower currently occupies the property • Documentation of HUD approval as second home or • Loan must be processed as an investment property if neither of the preceding items are met 											
Cash Back Eligibility	<ul style="list-style-type: none"> • Cash back is not permitted; Amounts ≤ \$500 is allowed when due to minor adjustments at closing • Cash to borrower from refund of unused escrow balance on previous mortgage is not considered in the cash back limit 											
Maximum Term	<ul style="list-style-type: none"> • Maximum allowed amortization term of a Streamline Refinance is the lesser of: <ul style="list-style-type: none"> ○ The remaining amortization period of the existing mortgage plus 12 years or ○ 30 years 											
Net Tangible Benefit (NTB)	<ul style="list-style-type: none"> • Net Tangible Benefit Requirements: <ul style="list-style-type: none"> ○ Every refinance transaction must offer a documented, demonstrable, Net Tangible Benefit (NTB) to the borrower, and ○ FHA specific NTB requirements must be met as referenced below • NTB is required on all Streamline Refinances, and can be reduced combined rate, change from ARM to fixed rate and/or reduced term that results in a financial benefit to the borrower • Reduction in combined rate or change from ARM to fixed rate with no reduction in term or less than a 3-year reduction in term, must meet one of the following options <ul style="list-style-type: none"> ○ Combined rate is the current interest rate plus the MIP rate <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2">From</th> <th colspan="2">To</th> </tr> <tr> <th>Fixed Rate</th> <th>Hybrid ARM</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate</td> <td>At least 0.5% below the prior combined rate</td> <td>At least 2.0% below the prior combined rate</td> </tr> <tr> <td>ARM Loan</td> <td>No more than 2.0% above the prior combined rate</td> <td>At least 1.0% below the prior combined rate</td> </tr> </tbody> </table> • Reduction in term must meet all of the following: <ul style="list-style-type: none"> ○ Remaining amortization period of the existing mortgage is reduced by three or more years ○ Combined principal, interest(P&I) and MIP payment of the new mortgage does not exceed the current P&I and MIP payment by more than \$50; and ○ One of the following: <ul style="list-style-type: none"> ▪ Fixed rate to fixed rate the new combined rate is less than the previous combined rate ▪ ARM to fixed rate, the new combined rate is no more than 2% above the previous combined rate ▪ Case numbers assigned on or before 9/9/19 only; the new rate may not exceed the existing rate 	From	To		Fixed Rate	Hybrid ARM	Fixed Rate	At least 0.5% below the prior combined rate	At least 2.0% below the prior combined rate	ARM Loan	No more than 2.0% above the prior combined rate	At least 1.0% below the prior combined rate
From	To											
	Fixed Rate	Hybrid ARM										
Fixed Rate	At least 0.5% below the prior combined rate	At least 2.0% below the prior combined rate										
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Assumability	<ul style="list-style-type: none"> • FHA insured loans are assumable 											

FHA Eligible Terms										
Fixed Rate	Standard					High Balance				
	Product Description / Terms		Product Plan Code			Products Description / Terms		Product Plan Code		
	10 Year					10 Year				
	15 Year					15 Year				
	20 Year					20 Year				
	25 Year					25 Year				
30 Year					30 Year					
ARM	Standard					High Balance / Super Max				
	Description	Product Plan Code	Index	Caps	Margin	Description	Product Plan Code	Index	Caps	Margin
	5/1		1-YR CMT	1/1/5	1.75%	5/1		1-YR CMT	1/1/5	1.75%