### FHA Streamline Refi

**Purpose**
- Streamline Refinance (Non-Credit Qualifying and Credit Qualifying)
- Terms Available: 15 and 30 Year Fixed Rate and 5/1 ARM
- High Balance Terms Available: 15 and 30 Year Fixed and 5/1 ARM
- Maximum term is the lesser of 30 years or 12 years beyond the remaining term of the existing loan.
- Occupancy: Primary Residence and Investment
- AUS - Manual UW Only
- Minimum Credit Score: 550
- Minimum Loan Amount: $75,000
- CAIVRs not required

**Minimum Credit Score**
- Royal Pacific Funding will consider loans where the co-borrowing spouse has no credit score.

**Mortgage Only credit accepted (Tri-merge required)**

**Credit-Qualifying Streamline**
- When a borrower is being removed from the current loan, remaining borrower must credit qualify
- 2 years must have elapsed since completion or discharge of Chapter 7 Bankruptcy.
- 2 years must have elapsed from the discharge date of a Chapter 13 Bankruptcy.
- Seasoning period begins from the date of discharge to the date of the case assignment.
- Full Tri-merge credit report required; Borrowers must provide a signed LOE for all delinquent credit in the past 24 mos.

**Collection Accounts / Judgment Accounts**
- All judgments must be paid
- Payment of Collection Accounts are at the discretion of the underwriter
- If the cumulative outstanding balance of all collections of all borrowers (including a non-purchasing / non-borrowing spouse) is equal to or greater than $2,000 and the collection accounts will remain open after closing. The monthly payment must be included in the DTI using the payment arrangement or 5% of the outstanding balance of each collection
- Charge Off Accounts must meet the requirements per 4000.1 HUD handbook
- Charge Off (Manual)
  - Underwriter must document reasons for approving a Mortgage when the Borrower has any Charge Off Accounts.
  - The Borrower must provide a letter of explanation, which is supported by documentation, for each outstanding Charge Off Account. The explanation and supporting documentation must be consistent with other credit information in the file.
  - A letter of explanation will be required for each collection account.

**Documentation Requirements**
- 30 days worth of paystubs - W-2 borrower
- 2 years tax returns - self employed
- 2 years W-2’s - W-2 borrower
- Credit refresh is required prior to preparation of loan documents
- Mortgage statement with breakdown of PITI (must have MI broken out) and copy of current Note
- Most recent bank statement - fixed income borrower

### CREDIT

#### Credit
- Mortgage Only credit accepted (Tri-merge required) (Also, see note for Credit-Qualifying Streamline)

#### Mortgage Lates
- 0x30 last 6 months prior to case number assignment.
- 1x30 max in prior months 7-12

#### Mortgage Seasoning Requirements

**On the date of the FHA case number assignment:**
- The Borrower must have made at least six payments on the FHA-insured 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; and
- At least 210 days must have passed from the closing date of the mortgage that is being refinanced; and
- If the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of assumption.

**No Credit Score Spouse**
- Royal Pacific Funding will consider loans where the co-borrowing spouse has no credit score.
- Note that No Score loans will price from the lower of the primary borrower Credit Score or the 600-619 bucket

### CREDIT QUALIFYING STREAMLINE

**Bankruptcy**
- 2 years must have elapsed since completion or discharge of Chapter 7 Bankruptcy.
- 2 years must have elapsed from the discharge date of a Chapter 13 Bankruptcy.
- Seasoning period begins from the date of discharge to the date of the case assignment.

**Credit**
- Full Tri-merge credit report required; Borrowers must provide a signed LOE for all delinquent credit in the past 24 mos.

(continued)
| Documentation Requirements (con't) | • Award letters - fixed income borrower  
• Processed 4506-T  
• Must follow manual underwriting guidelines |
| Foreclosure | • 3 years must have elapsed since completion of a Foreclosure or Deed-in-Lieu.  
• Seasoning period begins on the date the property transferred ownership to the foreclosing lender through the date of the case assignment. |
| Mortgage Lates | • 0x30 last 6 months prior to case number assignment.  
• 1x30 max in prior months 7-12 |
| Short Sale | • If the borrower was not in default at the time of the Short Sale, 3 years must have elapsed since completion of Short Sale.  
• If the borrower was in default at the time of the Short Sale, 3 years must have elapsed since the completion of the Short Sale; the wait period can be waived if the default was due to circumstances beyond the borrower’s control and the borrower’s credit was satisfactory prior to the circumstances beyond the borrower's control that caused the default.  
• If the borrower pursued a Short Sale to take advantage of declining market conditions and is purchasing a similar or superior property within a reasonable commuting distance, the 3 year waiting period may not be waived  
• Seasoning period begins on the date the property was sold through the date of the case assignment. |

**DTI/INCOME/ASSETS**

| Maximum DTI Ratios | No DTI calculated for Non-Credit Qualifying Streamline  
DTI for Credit-Qualifying Streamline per HUD Handbook 4000.1 (manual underwriting guidelines) |

**PROPERTY**

| AVM/Appraisal | Not required |
| Eligible Properties | • Attached/Detached SFRs  
• PUDs  
• HUD-approved Condos (project review not required)  
• 2-4 Units  
• 1 unit manufactured (primary residence only, max loan amount $453,100k, double-wide only) |
| Investment Properties | • Manufactured properties are ineligible  
• Fixed rate only  
• Max 7 unit limitation |
| Notes on Streamline Manufactured | • Minimum 620 Qualifying Credit Score  
• Fixed rate only  
• Fee simple only  
• 1 unit only |
| Termite Inspection | Not Required |
| Utility Bill | • One monthly bill required to document occupancy. |

**MISCELLANEOUS**

| Removing a Borrower Exception on Non-Credit Qualifying Streamline | A Borrower on the mortgage to be paid may be removed from title and mortgage on a new loan in cases of divorce, legal separation or death when:  
• The divorce decree or legal separation agreement awarded the property and responsibility for payment to the remaining Borrower, if applicable; and  
• The remaining Borrower can demonstrate that they have made the Mortgage Payments for a minimum of six months prior to case number assignment. |
| Documentation Requirements | • No income or debts on the 1003 or LT for non credit qualifying streamline  
• Employment info and mortgage lien needs to be on the 1003  
• Salaried borrowers require a verbal VOE  
• Mortgage statement with breakdown of PITI and copy of current Note  
• Signed but not processed 4506T form is required  
• Self-employed borrowers require verification of the business through a 3rd party source  
(continued) |
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Escrow Account
Escrows are required. Escrow waivers not permitted. Flood Insurance must be impounded if the property is in a Special Flood Hazard Area (SFHA) designated as flood zone beginning with A or V, for life of loan (unless flood insurance is paid by HOA).

Max Fees Included in Loan Amount Calculation
The loan amount calculation may include **max up to 60 days** of interest and 2 months prorated MIP when it shows on the pay off demand. The lender credit may pay all closing costs including fees on the pay off that are not included in the loan amount calculations. **If the payoff shows interest as a daily per diem 60 days of interest may not be included.**

Maximum Loan Amount Calculation

<table>
<thead>
<tr>
<th>FROM:</th>
<th>Fixed Rate New Combined Rate</th>
<th>1-Year ARM New Combined Rate</th>
<th>Hybrid ARM New Combined Rate</th>
</tr>
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<tbody>
<tr>
<td>Fixed Rate</td>
<td>At least 0.5 percentage points below the prior Combined Rate.</td>
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- **A Net Tangible Benefit** is a reduced Combined Rate, a reduced term, and/or a change from an ARM to a Fixed rate mortgage
- **Combined Rate** refers to the interest rate on the mortgage plus Mortgage Insurance Premium (MIP) rate.

Net Tangible Benefit

For military personnel:
- when the service member is on overseas duty or on an unaccompanied tour;
- where the attorney-in-fact has specific authority to encumber the property and to obligate the borrower

Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings.

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- **If the mortgage term is reduced** the net tangible benefit test is met if: the new interest rate does not exceed the current interest and the combined principle, interest and MIP payment does not increase by more than $50.

POA (Power of Attorney)

Power of Attorney closings will be accepted with the following criteria:
- Absent party must sign the initial 1003 (must be face to face interview) and the purchase contract
- POA must be a specific to the transaction (cannot be used on Cash Out Refinance or TX 50a6)
- POA must include the borrower name, property address and loan amount
- POA must be fully executed and notarized prior to the Note date
- POA must be approved by Royal Pacific Funding prior to loan closing
- POA must be recorded along with the deed of trust / mortgage
- POA signatures on docs must clearly reflect Attorney-in-fact

For military personnel:
- when the service member is on overseas duty or on an unaccompanied tour;
- where the attorney-in-fact has specific authority to encumber the property and to obligate the borrower

Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings.
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<td>State Restrictions</td>
<td>Streamlines are not allowed on TX 50 (a)(6) or TX 50 (a) (4) loans</td>
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*Additional standard FHA guidelines apply.*