



# FHA Streamline Program Guidelines

## Correspondent

Revised 9/15/2023 rev. 118

|                                 |   |            |                     |                         |                                    |                  |
|---------------------------------|---|------------|---------------------|-------------------------|------------------------------------|------------------|
| <b>Summary</b>                  | FHA conforming and high balance Fixed Rate Streamline Refinance. All loans must be eligible for FHA Insurance Endorsement.  |            |                     |                         |                                    |                  |
| <b>Products</b>                 | <b>Product Name</b>   |            | <b>Product Code</b> |                         | <b>Available Term In Months</b>    |                  |
|                                 | FHA 15 Year Fixed Streamline  |            | FHA15S              |                         | 180                                |                  |
|                                 | FHA 30 Year Fixed Streamline  |            | FHA30S              |                         | 181-360                            |                  |
|                                 | FHA 30 Year Fixed High Balance Streamline   |            | FHA300HBS           |                         | 360                                |                  |
| <b>Eligibility Matrix</b>       | <b>Conforming and High Balance<sup>2</sup></b>  |            |                     |                         |                                    |                  |
|                                 | <b>Purpose</b>  | <b>LTV</b> | <b>CLTV</b>         | <b>Min Credit Score</b> | <b>Max DTI Underwriting Method</b> |                  |
|                                 |   |            |                     |                         | <b>AUS</b>                         | <b>Manual</b>    |
|                                 | Streamline Refinance  | N/A        | N/A                 | 550                     | N/A <sup>1</sup>                   | N/A <sup>1</sup> |
|                                 | <sup>1</sup> . Credit qualifying Streamlines must be manually underwritten and have the same DTI ratio requirements as the Rate/Term and Simple Refinances.<br><sup>2</sup> . Manufactured Housing not eligible for High Balance loan amounts.  |            |                     |                         |                                    |                  |
| <b>4506-C / Tax Transcripts</b> | <ul style="list-style-type: none"> <li>4506-C is not required unless the borrower is obtaining a credit qualifying Streamline Refinance</li> <li>Refer to Plaza's <b>Delegated Correspondent Credit Overlay Matrix</b> for tax transcript requirements</li> </ul>   |            |                     |                         |                                    |                  |
| <b>Appraisal</b>                | Appraisal is not required.  |            |                     |                         |                                    |                  |
| <b>Borrower Eligibility</b>     | <p><b>Ineligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>Partnerships</li> <li>Corporations</li> <li>Guardianships</li> <li>Life Estates</li> <li>LLCs</li> <li>Non-Revocable Inter Vivos Trusts</li> <li>Foreign nationals</li> <li>Borrowers with diplomatic immunity</li> <li>Charitable organizations</li> <li>Non-profit agencies</li> <li>State or local government agencies</li> </ul> <p><b>Note:</b> Deferred Action for Childhood Arrivals (DACA) program recipients are eligible for FHA programs.</p> <p><b>Deferred Action for Childhood Arrivals (DACA) program recipients:</b></p> <ul style="list-style-type: none"> <li>Must be borrower's principal residence;</li> <li>Borrower must have a valid Social Security Number (SSN), except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD;</li> <li>Borrower must be eligible to work in the U.S. as evidenced by the Employment Authorization Document issued by USCIS, and</li> <li>The borrower satisfies the same requirements, terms and conditions as those for U.S. citizens.</li> </ul> <p>The Employment Authorization Document is required to substantiate work status. If the Employment Authorization Document will expire within one year and a prior history of residency status renewals</p> |            |                     |                         |                                    |                  |

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|                                | <p>exists, the lender may assume that continuation will be granted. If there are no prior renewals, the lender must determine the likelihood of renewal based on information from the USCIS.</p> <p>A borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country. The Employment Authorization Document is not required, but documentation substantiating the refugee or asylee status must be obtained.</p> <p><b>Social Security Number:</b></p> <ul style="list-style-type: none"> <li>• Each borrower on the loan transaction must have a valid Social Security number.</li> <li>• ITIN (IRS Tax Identification Numbers) are not allowed.</li> <li>• Citizenship and immigration status along with residency do not need to be documented on non-credit qualifying Streamline Refinances.</li> </ul>  |
| <b>Credit</b>                  | <p><b>Qualifying Credit Score:</b></p> <ul style="list-style-type: none"> <li>• A tri-merge credit report is required on all loans.</li> <li>• Qualifying score: <ul style="list-style-type: none"> <li>○ Where three scores are reported, the middle score is the qualifying score</li> <li>○ Where two scores are reported, the lowest score is the qualifying score</li> <li>○ Where only one score is reported, that score is the qualifying score</li> </ul> </li> <li>• Where the Mortgage involves multiple Borrowers, the lowest qualifying score of all borrowers is used</li> <li>• Where the Mortgage involves multiple Borrowers and one or more of the Borrowers do not have a credit score (non-traditional or insufficient credit), the lowest qualifying score of the Borrower(s) with credit score(s) is used</li> </ul> <p><b>Mortgage Rating:</b> The mortgage being refinanced may not have any history of 30-day lates or greater in the last 12 months.</p> <p><b>For mortgages with less than a 12 month payment history:</b> The borrower must have made all mortgage payment within the month due. No 30 day or greater late payments allowed on any mortgage in the last 12 months.</p> |
| <b>Disaster Policy</b>         | Refer to Plaza's <b>Natural Disaster Policy</b> for requirements.   |
| <b>Escrow Accounts</b>         | An Escrow/impound account is required for property taxes and insurance on all FHA loans.  |
| <b>Geographic Restrictions</b> | <p><b>Hawaii:</b></p> <ul style="list-style-type: none"> <li>• Properties in Lava Flow Zones 1 or 2 are not allowed.</li> <li>• Manufactured housing not eligible.</li> </ul> <p><b>Iowa:</b> An attorney's opinion of title is acceptable in lieu of a title policy, or a title policy may be ordered through the Title Guaranty Division (TGD) of the Iowa Financial Authority.</p> <p><b>Kansas:</b> Properties located in the State of Kansas require the lender to obtain the market value. For Streamline refinances, this can be satisfied with the tax assessor's statement of value.</p> <p><b>Montana:</b> Lot size of the property may not exceed 40 acres.</p> <p><b>Rhode Island:</b> Manufactured housing not eligible.</p> <p><b>West Virginia:</b> Delegated deliveries only.</p>   |
| <b>Higher-Priced Mortgages</b> | <p>FHA non-credit qualifying Streamline Refinance transactions that are determined to be Higher-Priced Mortgages may be eligible provided the following requirements are met:</p> <ul style="list-style-type: none"> <li>• Borrower is not 30 days or more past due on the prior existing residential mortgage loan, and</li> <li>• The loan does not increase the original principal balance, and</li> <li>• The points and fees do not exceed 3%, and</li> <li>• The new interest rate on the refinanced loan is lower than the current rate. If refinancing an ARM to a fixed rate, the FHA net tangible benefit as per HUD 4000.1.II.A.8.C(4)(c) applies.</li> </ul> <p>If all of the previous requirements are not met then the loan must be processed and closed as a Credit Qualifying Streamline Refinance or as a Simple Refinance.</p>  |

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| <b>Identity of Interest</b>  | <p>The terms Identity of Interest and Non-Arm's Length describe certain transactions between parties with family or business relationships that may pose increased risk and warrant additional precautions when evaluating that risk.</p> <p><b>Conflicts of Interest:</b><br/>Participants that have a direct impact on the mortgage approval decision are prohibited from having multiple roles or sources of compensation, either directly or indirectly, from a single FHA-insured transaction. These participants are:</p> <ul style="list-style-type: none"> <li>• Underwriters</li> <li>• Appraisers</li> <li>• Inspectors</li> <li>• Engineers</li> </ul> <p>Indirect compensation includes any compensation resulting from the same FHA-insured transaction, other than for services performed in a direct role. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Compensation resulting from an ownership interest in any other business that is a party to the same FHA-insured transaction; or</li> <li>• Compensation earned by a spouse, domestic partner, or other Family Member that has a direct role in the same FHA-insured transaction.</li> </ul> <p>Participants that do not have a direct impact on the mortgage approval decision may have multiple roles and/or sources of compensation for services actually performed and permitted by HUD, provided that the FHA-insured transaction complies with all applicable federal, state, and local laws, rules, and requirements.</p> |
| <b>Income and Employment</b> | <p><b>Non-Credit Qualifying:</b></p> <ul style="list-style-type: none"> <li>• Employment or source of income is not verified</li> <li>• Income is not verified</li> </ul> <p><b>Credit Qualifying:</b> Must be manually underwritten and have the same employment, income and DTI ratio requirements as the non-Streamline manual underwrite transactions referenced in the DTI Ratio Matrix.</p>  |
| <b>Ineligible</b>            | <ul style="list-style-type: none"> <li>• Temporary Buydowns</li> <li>• One-time close construction</li> <li>• Borrower is a principal of the title company and/or settlement agent for the subject transaction.</li> </ul>   |
| <b>Loan Limits</b>           | <p>Maximum loan amount is based on the FHA Insured mortgage being refinanced. Refer to the <b>Maximum Mortgage Amount</b> section.</p>   |
| <b>Manufactured Housing</b>  | <ul style="list-style-type: none"> <li>• Must be classified as Real Property</li> <li>• Single-wide and multi-wide allowed</li> <li>• Single-wide manufactured homes are limited to purchase and rate/term refinance transactions only</li> <li>• Manufactured homes must have been built on or after June 15, 1976</li> <li>• Manufactured homes must be at least 12 feet wide and have a minimum 400 square feet of gross living area</li> <li>• Leasehold properties are ineligible</li> <li>• Condo projects, including site condos, comprised of manufactured homes are ineligible</li> <li>• The manufactured home may not have been previously installed or occupied at another location</li> <li>• All manufactured housing must meet FHA guidelines, restrictions in these Program Guidelines, and <b>Plaza's Manufactured Housing Guidelines</b>.</li> <li>• Manufactured housing not eligible in states of Hawaii and Rhode Island.</li> <li>• Manufactured Homes located within a Special Flood Hazard Area are not eligible unless a FEMA National Flood Insurance Program (NFIP) Elevation Certificate (<b>FEMA Form 086-0-33</b>) prepared by a licensed engineer or surveyor stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is provided, and flood insurance under the NFIP is obtained.</li> </ul>  |
| <b>Maximum Loans</b>         | <p>A maximum of four Plaza loans is permitted to one borrower.</p>   |

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| <b>Maximum Mortgage Amount</b>              | <p><b>Maximum Mortgage Amount:</b><br/>Refer to the <b>FHA Streamline Refinance Maximum Mortgage Worksheet and NTB FM-286.</b></p> <p><b>Owner Occupied:</b><br/><b>The lesser of:</b></p> <ul style="list-style-type: none"> <li>• The <u>outstanding</u> principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; plus <ul style="list-style-type: none"> <li>○ Interest due on the existing mortgage; and</li> <li>○ MIP due on the existing mortgage; or</li> </ul> </li> <li>• The <u>original</u> principal balance of the existing mortgage including financed UFMIP<br/><b>Less:</b> Any refund of UFMIP if financed in the original mortgage<br/><b>Plus:</b> Any new UFMIP that will be financed</li> </ul> <p><b>Non Owner Occupied:</b><br/><b>The lesser of:</b></p> <ul style="list-style-type: none"> <li>• The <u>outstanding</u> principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; or</li> <li>• The <u>original</u> principal balance of the existing mortgage including financed UFMIP<br/><b>Less:</b> Any refund of UFMIP if financed in the original mortgage<br/><b>Plus:</b> Any new UFMIP that will be financed</li> </ul> <p><b>Discount Points:</b><br/>Discount point may not be included in the new mortgage. If the borrower has agreed to pay discount points, verify the borrower has the assets to pay them along with any other financing costs not included in the new mortgage amount.</p>  |  |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
|---|--|--|----|----------------------|------------|------------|---|----------|------------|---|--|------------|---|---|------------|--|
| <b>Net Tangible Benefit (NTB)</b>           | <p>The underwriter must determine there is a NTB as a result of the Streamline refinance transaction. The transaction must meet FHA and state, when applicable, NTB requirements.</p> <ul style="list-style-type: none"> <li>• <b>Reduction in term:</b> Transactions that include a reduction in the mortgage term are acceptable provided. <ul style="list-style-type: none"> <li>○ The new interest rate does not exceed the current interest rate. <b>AND</b></li> <li>○ The combined (P&amp;I and MIP) payment does not exceed the combined payment of the loan being refinanced by more than \$50.</li> </ul> </li> <li>• <b>Fixed to ARM:</b> Streamline Refinancing from a Fixed Rate to an ARM is not eligible.</li> </ul> <p><b>Note:</b> Combined Rate refers to the interest rate plus the MIP rate.</p> <table border="1" data-bbox="451 1045 1523 1325"> <thead> <tr> <th>From</th> <th>To</th> <th>Net Tangible Benefit</th> </tr> </thead> <tbody> <tr> <td>Fixed Rate</td> <td>Fixed Rate</td> <td>Reduction of at least .5 percentage points below the prior combined rate.</td> </tr> <tr> <td>1-YR ARM</td> <td>Fixed Rate</td> <td>New interest rate no greater than 2 percentage points above the current combined rate of the ARM.</td> </tr> <tr> <td>Fixed-Period ARM (During the Fixed Period)</td> <td>Fixed Rate</td> <td>New interest rate no greater than 2 percentage points above the current combined rate of the ARM.</td> </tr> <tr> <td>Fixed-Period ARM (During Adjustable Period)</td> <td>Fixed Rate</td> <td>New interest rate no greater than 2 percentage points above the current combined rate of the Fixed-Period ARM.</td> </tr> </tbody> </table> | From   | To | Net Tangible Benefit | Fixed Rate | Fixed Rate | Reduction of at least .5 percentage points below the prior combined rate. | 1-YR ARM | Fixed Rate | New interest rate no greater than 2 percentage points above the current combined rate of the ARM. | Fixed-Period ARM (During the Fixed Period) | Fixed Rate | New interest rate no greater than 2 percentage points above the current combined rate of the ARM. | Fixed-Period ARM (During Adjustable Period) | Fixed Rate | New interest rate no greater than 2 percentage points above the current combined rate of the Fixed-Period ARM. |
| From  | To   | Net Tangible Benefit   |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| Fixed Rate                                  | Fixed Rate   | Reduction of at least .5 percentage points below the prior combined rate.                                      |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| 1-YR ARM                                    | Fixed Rate   | New interest rate no greater than 2 percentage points above the current combined rate of the ARM.              |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| Fixed-Period ARM (During the Fixed Period)  | Fixed Rate   | New interest rate no greater than 2 percentage points above the current combined rate of the ARM.              |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| Fixed-Period ARM (During Adjustable Period) | Fixed Rate   | New interest rate no greater than 2 percentage points above the current combined rate of the Fixed-Period ARM. |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| <b>Occupancy</b>                            | <ul style="list-style-type: none"> <li>• Owner-occupied primary residences</li> <li>• Investment properties <ul style="list-style-type: none"> <li>○ Manufactured Housing is not eligible for investment properties</li> </ul> </li> </ul>   |  |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |
| <b>Property Eligibility</b>                 | <p><b>Ineligible Properties:</b></p> <ul style="list-style-type: none"> <li>• Commercial property</li> <li>• Cooperatives</li> <li>• Condotels</li> <li>• Geothermal homes</li> <li>• Geodesic Domes</li> <li>• Mobile homes</li> <li>• Non-warrantable condos</li> <li>• Timeshares</li> <li>• Working farms, ranches, orchards</li> <li>• Properties with C6 quality rating</li> </ul>   |  |    |                      |            |            |   |          |            |   |  |            |   |   |            |  |

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|                              | <ul style="list-style-type: none"> <li>• Properties with C5 or C6 condition rating</li> <li>• Properties secured with PACE obligations or PACE like assessments</li> </ul>  |
| <b>Repair Escrow</b>         | <ul style="list-style-type: none"> <li>• Per FHA guidelines.</li> <li>• Escrow holdbacks are not allowed on manufactured housing.</li> </ul>  |
| <b>Seasoning</b>             | <ul style="list-style-type: none"> <li>• The borrower must have made at least six consecutive monthly payments on the FHA-insured mortgage that is being refinanced beginning with the payment made on the first payment due date, <b>AND</b></li> <li>• At least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; <b>AND</b></li> <li>• At least 210 days must have passed from the Closing Date of the mortgage that is being refinanced.</li> <li>• <b>On the Closing Date of the new mortgage:</b> The first payment due date of the refinance loan must occur no earlier than 210 days after the first payment due date of the existing loan</li> </ul> |
| <b>Subordinate Financing</b> | <ul style="list-style-type: none"> <li>• Loans with existing subordinate financing are eligible.</li> <li>• New subordinate financing is not allowed.</li> <li>• CLTV is based on the original appraised value of the property.</li> <li>• Properties with Property Assessed Clean Energy (PACE) obligations are ineligible.</li> <li>• PACE liens may not be subordinated.</li> </ul>  |
| <b>Texas Home Equity</b>     | Cash out is not allowed in Texas.   |
| <b>Underwriting Method</b>   | All FHA Streamlines must be manually underwritten.  |

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