



Direct Mortgage
Wholesale™



FHA Streamline See our Simple Steps

Very Simple Steps to Originate an FHA Streamline

(Loan Programs 6052 & 6059)

Look how easy it is!

1. Shortened loan application — No employment nor assets need to be listed on loan application
2. Obtain FHA netting and refund information (DMC broker support can assist/train)
3. Obtain title commitment
4. Obtain copy of mortgage note

Submit the above to Direct Mortgage for closing!

*****Contract Processing Option: You take the loan application and have us process the rest – for a small fee*****

Your borrowers qualify for an FHA Streamline refinance if:

- They currently have an FHA Loan
- Mortgage payments must be current; Two (2) 30-day late payments are allowed in the last 12 months; One (1) 60-day late payment is allowed in the last 12 months. (This bullet point applies if switching to a lower interest rate)
- If not switching to a lower interest rate, i.e., going from an ARM to a FIXED rate, then all mortgage payments must have been on time during the past 12 months
- The refinance is "rate and term"
- If cash out is desired, credit qualifying with an appraisal is required

Note: Streamline refinances are designed to lower the principal and interest payments on a current FHA-insured mortgage. No more than \$250 is allowed back to the borrower at closing. More cash back is allowed with a credit qualifying streamline.

Direct Mortgage offers FHA Streamlines, both Credit and No Credit Qualifying, and can help you become [FHA sponsored](#) if you are not already.

Types

1. No Credit Qualifying with or without Appraisal
2. Credit Qualifying with or without Appraisal
3. Investment

Worksheets

1. [Worksheet 3](#) - Refinance without Appraisal
2. [Worksheet 4](#) - Refinance with Appraisal
3. [Sample Worksheets](#) with numbers

No Credit Qualifying

1. Without Appraisal (Worksheet 3)
 - o Maximum loan amount may not exceed the Original Principal Balance
2. With Appraisal (Worksheet 4)
 - o Maximum loan amount may not exceed the Appraisal Calculation
 - o Usually used when Rate Pricing does not yield enough to cover all loan costs
3. Original Borrowers must be on the new loan
 - o Exception only in case of death or divorce
 - Divorce: Quit claim / 6 months / Borrower has demonstrated payment history
 - o Adding Borrowers to title is always permitted
4. Mortgage rating
 - o 12 month rating required
 - o If property owned < 12 mos — need HUD-1 to show date of purchase
 - o Mortgage being refinanced must be current for the month in which loan is being closed
 - Payment due may be brought to closing in cash — funds do not have to be verified
 - Payment for month due may NOT be financed in — principal reduction calculation
 - Principal Reduction Calculation worksheet

Credit Qualifying

1. Purpose
 - o When deleting an original borrower from title
 - o When decreasing the term of a mortgage which results in an increase in P&I > 20%
2. Verification of employment, income and full RMCR is required to demonstrate borrower's ability to repay loan with reasonable assurance. Standard DTI with UW's discretion to determine higher DTI is warranted based on history.

Investment Streamlines

1. Calculation limited to existing principal balance, no other fees or costs allowed, less any MIP refund

Loan Types

1. ARM to ARM
 - o Must result in an immediate payment reduction
 - o Max interest rate may not exceed Max rate of previous loan
2. ARM to FIXED
 - o Interest rate on new loan cannot exceed 2% above the CURRENT rate on the ARM
3. ARMS may only be used for Owner Occupied Properties
4. 1 YR ARM with LTV > 95
5. HYBRID ARM to FIXED
 - o Payment may not increase more than 20% from the current payment
6. HYBRID ARM to HYBRID ARM
 - o Must result in an immediate payment reduction
7. FIXED to ARM
 - o Interest rate on new loan MUST be at least 2% lower than current rate
8. FIXED to HYBRID ARM
 - o Must result in an immediate payment reduction
9. FIXED to FIXED
 - o Rate or payment must be lower

Mortgage Insurance Requirements

1. Loans with terms GREATER than 15 yrs
 - o 1.5% UFMIP and .5% monthly
 - o Cancelled when LTV reaches 78%

- Minimum of 5 yrs before cancellation
- 2. Loans with terms LESS than 15 yrs with LTV > 90%
 - 1.5% UFMIP and .25% monthly
- 3. Cancelled when LTV reaches 78%
- 4. No Minimum time period
- 5. Loans with terms LESS than 15 yrs with LTV < 89.99%
 - 1.5% UFMIP
 - NO monthly MIP
- 6. FHA determines the 78% LTV ratio
 - Based on lesser of Appraised Value or Sales Price at Origination
 - New Appraisal will not be considered
- 7. UFMIP Refund Schedule
 - Loans closed AFTER 12/8/04 have a 3 yr refund schedule (ML 05-03)
 - Loans closed BEFORE 12/8/04 have a 5 yr refund schedule
- 8. Condominiums
 - 1.5% UFMIP and .5% monthly is required
 - Condos being refinanced that previously did not have UFMIP will be required to have it now per ML 05-38

Miscellaneous Information

1. Case Number with Refinance Authorization is required
2. LDP/GSA is Required
3. CAIVRS is NOT required
4. Original Note, Trust Deed and HUD Settlement Statements are required
5. Evidence of valid SS# and Photo ID is required

Learn More About [FHA Loans . . .](#)

View a list of our [FHA](#) and other [loan programs](#).

How Can Loan Choices™ Help Me? [Click here to find out!](#)

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