

VHDA FHA Streamline Refinance Program Guidelines

VHDA is pleased to announce that we will now offer the FHA Streamline Refinance program for our current customers only, effective Monday September 24, 2012.

The program guidelines, procedures and lock-in policy are entirely different from other VHDA programs, therefore it is **critical for all individuals involved in the origination, underwriting and closing of these loans to read this entire document.**

Eligible Lenders:

All VHDA approved lenders are eligible to originate the FHA Streamline Refinance loan.

Lock In Policy:

- Loans may be locked-in on VHDA's on-line reservation system for 60 days only.
- Loans must **close** within the 60 day lock period and extensions will not be available.
- The \$120 reservation fee will not be required.
- Lenders must obtain a credit report verifying an acceptable pay history prior to making a loan reservation.

Rate Lock Options: (Lender credit available)

To enable lenders to offer a lender credit toward the borrower's closing costs, new rate lock options will be available – for this program only.

- Lenders will still receive a 1% premium pricing fee and 1% service release fee.
- In addition to a 0 + 0 standard price we will offer options with a 1% or 2% lender credit to assist with borrower closing costs.
- Refer to Homebuyer Loan Rates on vhda.org for additional information.

Qualifying:

This will be a non-qualifying loan. No ratio requirements.

Maximum Income:

- There will be only one income limit – regardless of household size.
- The borrower must certify to their income on the loan application (1003).
- No additional documentation of income will be required.
- Income on the loan application will be used to comply with the maximum income limit.
- Maximum income limits are based on property location, the limits will be:

DC / Northern Virginia MSA: \$161,250

Remainder of State: \$119,400

VHDA Affidavits, Tax Returns and Documents:

VHDA Affidavits, tax returns and Tax Exempt Financing Rider will not be required.

Credit Reports / Credit Scores:

There will be no minimum credit score; however, lenders are required to obtain a credit report to identify the following:

- An acceptable mortgage payment history
- Judgments or liens that would impact the ability to close with clear title
- Credit scores are to be provided if available for reporting purposes only

Funds to Close:

Any funds required for closing must be documented as available under standard FHA guidelines and reflected on the loan application.

Appraisal:

A new appraisal will not be required.

FHA Streamline Requirements:

Unless otherwise noted – all loans must be originated, underwritten and closed in accordance with FHA guidelines. The lender is fully responsible for adherence to FHA requirements and for obtaining FHA mortgage insurance.

Loan Approval Process:

A **new** Streamline Refinance Approval Notice has been created for the lender to submit to VHDA prior to approval of loans under this program (see attachments). Both **Delegated and Non-Delegated** lenders will submit this document. This form must be submitted and a VHDA Approval Confirmation received by the lender prior to final approval and loan closing. Non-delegated lenders will not be required to submit loan files for preliminary review by VHDA for this program only.

Loan Closing:

Loans for Delegated and Non-delegated lenders will not require a review of the preliminary closing package by VHDA. Loans must be closed by the lock-in expiration date.

New Escrow:

A new escrow account must be established. A refund of the current escrow account will be sent to the borrower after the refinance has been completed and payoff of the original loan has been received.

Tax Service and Flood Insurance Certification:

- A tax service fee in the amount of \$45.00 must be collected.
- New flood determination is required.

Loan Delivery:

Loans must be delivered to VHDA for loan purchase within 10 calendar days of disbursement. **New** FHA/VA Streamline Refinance Loan Submission Checklist and Loan Servicing Checklist forms have been created for submission of FHA Streamline Refinances (see attachments).

Assignment:

Lenders are reminded that VHDA does not allow MERS and requires an assignment of the Deed of Trust.

Loan Pay-Off Information:

- Fax requests to 804-343-8720, indicating VHDA to VHDA refinance.
- Attach borrower's authorization.

FHA Plus Second Mortgage Subordination:

VHDA will subordinate the second mortgage to the new streamline refinance first mortgage. Automatic subordination is not allowed due to the special wording on the FHA Plus Deed of Trust.

- VHDA will not charge a subordination fee for these loans only.
- A copy of the Schedule A from the title binder is to be included with request.
- The Request for Subordination form must be completed and sent to VHDA (see form for instructions).
- Allow 10 business days for receipt of subordination agreement.

Documents / Attachments

Attached are the forms required for this program:

VHDA Approval Notice – Streamline Refinance
VHDA FHA/VA Streamline Refinance Loan Submission Checklist
VHDA Streamline Refinance Servicing Set Up Checklist
Request for FHA Plus Second Mortgage Subordination

Information on the Web

This is the entire information that will be available on this program at this time. It **will not** be included with our standard programs on vhda.com. This announcement will be available under "Updates and Announcements" in the lender section of vhda.com.

VA Interest Rate Reduction Loan

We do not currently have the VA Interest Rate Reduction option available; however we will begin development very soon and will notify lenders when available.

9/2012