

Fannie Mae and Freddie Mac

Varies by state law and secondary market investor overlay.

FHA

4000.1 II.A.8.d.vi.(C).(4).(c)

For all Streamline Refinance transactions WITHOUT a reduction in term the following benefit must be met:

FROM	TO		
	Fixed Rate New Combined Rate ¹	One-Year ARM New Combined Rate ¹	Hybrid ARM New Combined Rate ¹
Fixed Rate	At least 0.5 percentage points below the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.
Any ARM With Less Than 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.
Any ARM With Greater Than or Equal to 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	At least 2 percentage points below the prior Combined Rate.	At least 1 percentage point below the prior Combined Rate.

For all Streamline Refinance transactions WITH a reduction in term. Additionally, the combined principal, interest, and MIP payment of the new Mortgage must not exceed the combined principal, interest, and MIP payment of the refinanced Mortgage by more than \$50.

FROM	TO		
	Fixed Rate New Combined Rate ¹	One-Year ARM New Combined Rate ¹	Hybrid ARM New Combined Rate ¹
Fixed Rate	Below the prior Combined Rate	N/A	N/A
Any ARM With Less Than 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	N/A	N/A
Any ARM With Greater Than or Equal to 15 Months to Next Payment Change Date	No more than 2 percentage points above the prior Combined Rate.	N/A	N/A

¹ Combined Rate refers to the interest rate on the mortgage plus the mortgage insurance premium (MIP) rate.

VA				
VA Lenders Handbook Chapter 6, VA Circular 26-18-30, VA Circular 26-18-30 Chg 1, VA Circular 26-19-5 and Exhibit A, VA Circular 26-19-5 Chg 1, VA Circular 26-19-22 and Exhibit A and C, VA Circular 26-19-22 Chg 1				
Interest Rate Reduction Refinancing Loan (IRRRL)	Cash-Out Refinance			
	Type I New loan amount does <u>not</u> exceed payoff amount		Type II New loan amount does exceed payoff amount	
	VA to VA	Non-VA to VA	VA to VA	Non-VA to VA
<p><u>Fee Recoupment</u></p> <ul style="list-style-type: none">For loans resulting in a lower PI payment: All fees and costs must be recouped on or before 36 months after the date of loan closing.For loans resulting in the same or higher PI payments: Lender must certify that Veteran has incurred no fees other than taxes, escrow and funding fee. <p><u>Calculating Statutory Recoupment</u></p> <p>Fee recoupment is calculated by dividing all fees, expenses, and closing costs, whether included in the loan or paid outside of closing (i.e., appraisal fee, pest inspections, credit report, etc., as applicable), by the reduction of the monthly PI payment. The VA funding fee, escrow, and prepaid expenses, such as insurance, taxes, special assessments, and homeowners’ association (HOA) fees, are excluded from the statutory fee recoupment calculations. Lender credits may be used to offset allowable fees and charges.</p> <p>(a) Energy Efficient Mortgage (EEM): If a Veteran is refinancing with an EEM, the portion of the funds dedicated towards EEM shall be excluded from the statutory fee recoupment calculation. Lenders must still include the EEM amount when providing the loan comparison statement to the Veteran.</p> <p>(b) Adjustable Rate Mortgages (ARMs): If the original monthly PI payment changed due to a loan modification or ARM, the monthly PI payment reduction should be computed based on the current PI payment. Note that if the monthly PI payment is not reduced as a result of the IRRRL, the lender must close the loan at no cost to the Veteran.</p>	<p><u>Fee Recoupment</u></p> <p>Recoupment² of all fees (excl funding fee), closing costs, expenses (other than taxes, escrow, insurance, and like assessments), and incurred costs must not exceed 36 months from the date of loan closing.</p>	<p>Fee Recoupment not required</p>		
<p><u>New Interest Rate Requirement</u></p> <ul style="list-style-type: none">Fixed rate to fixed rate: New rate must be .5% lower.Fixed to ARM: New rate must be 2% lower. Discount points to achieve rate reduction must be paid at closing or up to 2 points may be added to principal amount of loan in the following cases:<ul style="list-style-type: none">The rate reduction is not solely due to discount points as the current rate environment is favorable orLower rate is due solely to discount points. Points charged are 1% or less and new total loan balance (including all fees) is ≤100% LTV*.Lower rate is due solely to discount points. Points charged are 2% or less and new total loan balance (including all fees) is ≤90% LTV*. <p><i>*Lenders must obtain an exterior only or full appraisal to determine LTV.</i></p>	<p><u>Net Tangible Benefit Requirement:</u></p> <p>New loan must satisfy at least one of the of the following:</p> <ul style="list-style-type: none">The new loan eliminates monthly mortgage insurance.The term of the new loan is shorter than the term of the loan being refinanced.The interest rate on the new loan is lower than the interest rate on the loan being refinanced; (See specific requirements for VA to VA Type I loans)The principal and interest payment on the new loan is lower than the principal and interest payment on the loan being refinanced.The new loan results in an increase in the borrower’s monthly residual income.The new loan refinances an interim loan to construct, alter, or repair the home.The new loan amount is equal to or less than 90 percent of the reasonable value of the home, ORThe new loan refinances an adjustable rate loan to a fixed rate loan. <p>²The recoupment period is calculated by dividing all fees (not including VA funding fee), expenses, and closing costs included in the loan and paid outside of closing by the reduction of monthly principal and interest (PI). If the loan being refinanced loan has been modified, the reduction of monthly PI should be computed using the modified monthly PI of the loan</p>			

	being refinanced.
USDA Rural Housing <small>3555.1 Attachment 6-A</small>	
Only Streamlined-Assist loans require \$50 or greater reduction in new principal and interest payment (including annual fee) as compared to current principal and interest payment.	

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