

FHA Refinance Programs Comparison Matrix

Criteria	FHASecure	FHA 95% Cash-out Refinance	FHA to FHA Refinance*
Eligible Loan Types	<ul style="list-style-type: none"> • Current conventional fixed-rate or ARM loan. • Delinquent conventional ARM loan. <ul style="list-style-type: none"> ○ Delinquency was caused by rate reset (recast) or extenuating circumstance but does not affect borrower's overall capacity to repay the FHA loan. • Acceptable loan features include interest only, payment option and negative amortization. 	<ul style="list-style-type: none"> • FHA or conventional loan that is seasoned at least 12 months with last 12 payments made within the month due. Otherwise, limited to 85% LTV. 	<ul style="list-style-type: none"> • FHA
Ineligible Loan Types	<ul style="list-style-type: none"> • FHA 	<p>FHA or conventional loans seasoned <i>less than</i> 12 months. Otherwise limited to 85% LTV.</p>	<ul style="list-style-type: none"> • Conventional
LTV	<ul style="list-style-type: none"> • Standard LTV on FHA first mortgage. • In addition to standard rate and term maximum mortgage calculation may include arrearages (PITI) incurred after reset or extenuating circumstance. • Current appraised value is used to determine maximum loan amount. • No seasoning requirement for purchase money seconds. • Equity line in excess of \$1000 advanced in last 12 months is not eligible for inclusion (unless documented for repair/renovation of subject property). 	<ul style="list-style-type: none"> • Up to 95% LTV on FHA first mortgage that does not exceed \$417,000. Otherwise limited to 85% LTV. • Standard cash-out maximum mortgage calculation up to 95%. • Current appraised value is used in determining maximum loan amount. • There are no seasoning requirements for subordinate liens. 	<ul style="list-style-type: none"> • Standard LTV on FHA first mortgage. • Standard rate and term maximum mortgage calculation. • Current appraised value is used in determining maximum loan amount. • No seasoning requirement for purchase money seconds. • Equity line in excess of \$1000 advanced in last 12 months is not eligible for inclusion (unless documented for repairs/renovation of subject property).
CLTV	<ul style="list-style-type: none"> • Unlimited CLTV for new subordinate financing. • Unlimited CLTV for re-subordination or modification of existing subordinate financing. 	<ul style="list-style-type: none"> • Unlimited CLTV for re-subordination and/or modification of existing subordinate financing. Also applicable for FHA first mortgages limited to 85% LTV. 	<ul style="list-style-type: none"> • Standard FHA CLTV ratio on new subordinate financing: the combined 1st and 2nd liens do not exceed the applicable FHA LTV and maximum mortgage limit for the area. • Unlimited CLTV for re-subordination or modification of existing subordinate financing.

* Streamline Refinance transactions are covered in HUD Handbook 4155.1 REV-5, paragraph 1-12, and generally do not involve underwriting the loan or obtaining an appraisal.

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Underwriting	<p>FHA First Mortgage</p> <ul style="list-style-type: none"> ● Borrower is delinquent but mortgage payment history shows that: <ul style="list-style-type: none"> ○ during the 6 months prior to reset or extenuating circumstance there are no instances of making mortgage payments outside the month due; or ○ during the 12 months prior to reset or extenuating circumstance there are no more than 1x60 late payment or 2x30 late payments; or ○ no more than 1x90 or 3x30 during the 12 months prior to reset or extenuating circumstance provided the LTV on the FHA first does not exceed 90%. ● Delinquency was caused by rate reset or extenuating circumstance but does not affect borrower's overall capacity to repay the FHA loan. ● Borrower delinquent on IO and/or payment option ARMs must demonstrate that they were making their monthly mortgage payments within the month due during the 6 months prior to rate reset. ● Standard 31/43 ratios may be exceeded with compensating factor(s), except for loans limited to 90% LTV mortgage payment history. ● Non-occupant co-borrowers may be added. <p>Secondary Financing</p> <ul style="list-style-type: none"> ● If payments on the second are required, they must be included in the qualifying borrower unless deferred for a period of at least 36 months. ● Secondary financing must meet the following requirements: <ul style="list-style-type: none"> ✓ No prepayment penalty ✓ No balloon payments less than 10 years ✓ Payments on FHA 1st and subordinate liens, plus other housing expenses, cannot exceed borrower's capacity to repay. ✓ Any periodic payments due on the second mortgage are due monthly and are essentially the same in dollar amount. 	<p>FHA First Mortgage</p> <ul style="list-style-type: none"> ● Borrower must have owned property for 12 months AND if encumbered by a mortgage made payments for the last 12 months within the month due. Otherwise limited to 85% LTV. ● Standard 31/43 ratios, may be exceeded with compensating factor(s). ● Non-occupant co-borrowers <i>may not</i> be added for 95% cash-out refinance transactions but are permissible for those limited to 85% LTV. <p>Secondary Financing</p> <ul style="list-style-type: none"> ● If payments on the second are required, they must be included in qualifying the borrower. ● Secondary financing must meet the following requirements: <ul style="list-style-type: none"> ✓ No prepayment penalty ✓ No balloon payments less than 10 years ✓ Payments on FHA 1st and subordinate liens, plus other housing expenses, cannot exceed borrower's capacity to repay. ✓ Any periodic payments due on the second mortgage are due monthly and are essentially the same in dollar amount. 	<p>FHA First Mortgage</p> <ul style="list-style-type: none"> ● Borrower must be current and have an acceptable mortgage payment history. ● Standard 31/43 ratios, may be exceeded with compensating factor(s). ● Non-occupant co-borrowers may be added. <p>Secondary Financing</p> <ul style="list-style-type: none"> ● If payments on the second are required, they must be included in qualifying the borrower. ● Secondary financing must meet the following requirements: <ul style="list-style-type: none"> ✓ No prepayment penalty ✓ No balloon payments less than 10 years ✓ Payments on FHA 1st and subordinate liens, plus other housing expenses, cannot exceed borrower's capacity to repay. ✓ Any periodic payments due on the second mortgage are due monthly and are essentially the same in dollar amount.
FHA Identifier	<ul style="list-style-type: none"> ● Conventional not delinquent ● Conventional delinquent 	Conventional not delinquent	FHA to FHA Refinance, use appropriate identifier
New Mortgage	FHA Fixed, 1-year ARM or hybrid ARM	FHA Fixed, 1-year ARM or hybrid ARM	FHA Fixed, 1-year ARM or hybrid ARM

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Mortgage Insurance	Delinquent 2.25% UFMIP and .55% Annual Premium when LTV > 95%	Current 1.5% UFMIP and .50% Annual Premium	1.5% UFMIP and .50% Annual Premium	1.5% UFMIP and .50% Annual Premium

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Expiration	Delinquency and/or > Std FHA CLTV Ratio: Applications on/or before 12/31/08	Current and =< Std FHA CLTV Ratio: Permanent	Permanent	Permanent
Documentation Requirements	In addition to standard FHA documentation requirements, the following documents are needed for <i>FHASecure</i> : <ul style="list-style-type: none"> • Evidence of the current loan type and reset date such as the current ARM Mortgage Note or Rider, if applicable. • Evidence of occurrence of extenuating circumstance(s), if applicable. • Explanation letter from borrower for delinquency and/or missed payments. • Evidence that the payment history for the 6 months prior to reset had no payments outside the month due (credit report, payment history, etc); OR • Evidence that the payment history has no more than 1x60 late payment or 2x30 late payments in the last 12 months (credit report, payment history, etc); OR • Evidence that the payment history has no more than 1x90 or 3x30 late payments in the last 12 months. • Include evidence of partial forbearance, if applicable. • Evidence of terms and conditions of secondary financing, if applicable. • MCAW (LT) with comments from the underwriter in the Remarks section to document decision that reset or temporary financial setback caused the loan to become delinquent. 		Standard FHA documentation requirements	Standard FHA documentation requirements
Other	All other standard FHA requirements apply		All other standard FHA requirements apply	All other standard FHA requirements apply

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